UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington, D. C.

For release January 15, 1928

THE PRICE SITUATION, JANUARY, 1928

FARM PRICES

The general average of farm prices on December 15 at 137 was the same as on November 15 and 10 points higher than a year ago. Most of the commodities included in the index showed moderate price increases, but they were almost entirely offset by a decline in the prices of cotton and the seasonal decline in hogs. Most of the commodities are now above last year's prices, the exceptions being wheat, hay, potatoes, hogs, eggs and chickens.

Since the 15th of December wheat prices have not changed materially. Rye, corn and oats prices have receded somewhat, and so have prices of lambs, chickens and eggs, while cotton, hogs, and cattle prices have advanced. It is, therefore, likely that the level of farm prices on January 15th will not be materially different from that of the past three months. Beyond January the offsetting movements of seasonally lower dairy and poultry prices against higher livestock, fruit and vegetable prices will tend to maintain the present level of farm prices.

At the wholesale markets agricultural prices in December averaged lower than in November, and were responsible for a slight decline in the general commodity price index (as indicated by The Annalist). Nonagricultural prices showed declines in textile products and building materials with offsetting advances in prices of fuels and metals. With nonagricultural prices at 151 per cent of their prewar average, the decline in farm prices from 139 in October to 137 in December has reduced the relative exchange value of composite unit of farm products from 92 to 91, compared with 80 a year ago.

BUSINESS CONDITIONS

Business conditions in general during December appear to have shown no material change from those of November. Production and freight distribution ended the year at levels considerably below last year, while distribution through retail channels exceeded that of a year ago. As a result of the lower volume of manufacturing production, factory employment and total wage payments also ended the year at levels below those of a year ago, indexes of payrolls for November, 1927, and 1926 being respectively 95.4 and 87.8 (1923=100). In the building trade employment was also below that of a year ago, the decline amounting to 12 per cent (according to reports to S. W. Straus & Co.).

These factors indicate a lower purchasing power of industrial consumers at the beginning of 1928 than at the beginning of 1927. The prospects for an improvement in this factor of domestic demand depends on the extent of the improvement in the two major industries that have been

largely responsible for the 1927 recession in industrial activity, the automobile and iron and steel industries. Evidence of improvement in both of these interdependent industries appeared during the latter part of December in increased production and orders and a stronger metal price situation. A seasonal rise in these industries may be looked for. On the other hand, trade reports continue to indicate that some reduction in cotton mill activity is to be expected. Other factors which would ordinarily suggest a seasonal advance in business activity are the lack of burdensome inventories and the ample supply of credit at moderate interest rates. The latter, however, has been a favorable factor throughout 1927, which did not prevent a moderate industrial recession. Instead they have formed the basis for speculative activity with the result that stock prices have continued to reach new peaks to the end of 1927.

Unless there is more than the usual seasonal improvement in industrial business conditions in the near future, it is unlikely that money incomes of industrial consumers will be restored to the incomes of last spring. During the past four years payroll totals have been lower in January than in the preceding December, and have reached seasonal peaks in March with low points in July. Last year the index of payrolls for March stood at 98 compared with 88 in November. It is evident that a ten point rise in payrolls would be necessary by March 1928 to equal last year's level. Ordinarily the rise during the winter months averages about 6 points. A ten point rise did occur in the boom of the early part of 1923, a prospect not commonly expected to take place this year.

WHEAT

In the past month there has been no material change in the estimate of world wheat production, wheat has continued to move freely in international trade, and foreign markets have continued to strengthen. Wheat prices as measured by the weighted average price of all classes and grades at six markets continued through December on a level above the low point reached in November and conditions generally appear favorable to maintaining prices on this higher level through January. The average farm price of wheat increased from 111 cents as of November 15 to 114 as of December 15, which is about the same as in October but 9 cents below the farm price for December last year. Cash prices of all classes and grades at six markets advanced from an average of 123 cents, the low point reached early in November, to an average of 129 cents for the week ending December 16th, declined one cent the next week and remained at 128 to the end of the month. The closing price of May futures in Chicago January 9th was 131 as compared with 135 December 1 and 139 a year ago. The Liverpool price of May futures January 9 was higher than a year ago and 18 cents higher than Chicago, being 149 as compared with 147 a year ago. Winnipeg futures were also higher than a year ago. The higher Liverpool prices this year, with freight rates much lower than last year, are a strengthening factor in the present wheat market situation.

The course of prices of No. 2 red winter wheat at St. Louis in the past month has followed in general last year, rising to a high point the second week in December and then dropping 5 cents for the last week in the month, averaging 143 as compared with 134 last year. The price of No. 2 amber durum at Minneapolis has increased materially from 121 the first week in November to 135 at the end of December, which is 39 cents below the average for the corresponding week last year. No. 2 dark northern spring in Minneapolis gained 6 cents in the same period, averaging 138 at the end of the month, compared with 147 last year, while No. 2 hard winter at Kansas City holds around 130 as compared with 138 last year. At the present time there is nothing in prospect to indicate any material change in the position of these several classes of wheat.

The wheat crop of 40 countries, exclusive of Russia and China, is now estimated to be 3,428 million bushels, compared with 3,303 million bushels last year, an increase of 125 million bushels; but it still appears that this increase in production is to be largely offset by a reduction in supplies from Russia and poor quality of wheat in Canada and North European countries. The Argentine official estimate of 240 million bushels is only 5 million greater than was indicated last month by a statistical analysis of the relation between weather conditions and yield. The official report therefore did not materially change our estimate of the world's supply. Practically all countries have now reported. Further changes in estimates for this year will be made only through revisions of preliminary estimates. The effect of conditions in the harvesting season upon the quality of the crop is still to be determined. Canadian receipts are still grading low. Of the inspections August 1st to December 30th only 40.7 per cent graded No. 3 northern or better this year, as compared with 43.0 per cent last year. We have no definite measure of quality in European countries but reports continue to point to poor quality and indicate that these countries are likely to increase imports on account of this fact.

It now seems probable that Europe, notwithstanding a somewhat larger wheat crop, will import as much as or more wheat than last year. Imports to date have exceeded the imports for the corresponding period last year and there is no indication of a slackening demand. As has been pointed out in previous reports, higher prices for feed grains, the low quality of wheat, and relatively high prices for rye continue favorable for an increase in European wheat consumption.

With navigation upon the Great Lakes closed European countries will have to depend mainly upon Argentina, Australia and the United States for supplies through the next two months. The Australian crop is much shorter than last year and the exportable surplus of wheat from Argentina is about the same as last year. The opening of the Lakes of course will release the Canadian supply, the remainder of which is probably larger than the amount remaining to be shipped after the closing of the Lakes last year.

CORN

Corn prices declined materially during December, the price of all classes and grades at five principal markets declining from 82 cents the first week in the month to 72 cents for the week ending December 31. The average price of all classes and grades for December was 77 cents as compared with 79 cents for November and 66 cents for December last year. The farm price of corn on December 15 was 75.1 cents, compared with 73.7 cents a month earlier and 57.7 cents a year ago. Market prices declined from the middle of December to the end of the month, but recovered part of the decline the first week in January, No. 3 yellow at Chicago declining from 87 cents for the week ending December 16 to 82 cents for the last week of the month and then advancing to 85 cents for the first week in January.

The decline in prices is largely accounted for by the larger supplies indicated by the December estimate of production and increased country offerings. The higher level of prices when compared with a year ago is largely due to a smaller oats crop of poor quality, the increasing foreign demand, and the location of the surplus corn.

The December estimate of production of 2,786 million bushels is 94 million bushels larger than the 1926 crop, but when the difference in the carryover of old corn is considered, the total supplies on farms is only 22 million bushels greater than a year ago.

Receipts of corn at 13 primary markets during December were 36,777,000 bushels compared with 22,528,000 bushels at the same time last year. The visible supply of corn increased about 4,750,000 bushels during the month but on December 31 was still about 9,000,000 bushels less than a year ago.

An active demand for corn is indicated by the small increase in visible supplies while receipts were somewhat larger than a year ago and equal to the December average of receipts from 1921 to 1925. Movement from the territory west of the Mississippi river has been large and corn from this area is being taken by eastern markets and is also being brought into interior points of Ohio, Indiana and Illinois where the quality is poor and supplies low this season.

The higher level of both farm prices as reported for the United States as a whole and prices at the central markets is due partly to the fact that the surplus corn this year is located in the western states which requires a longer haul and higher freight charges, and that the eastern part of the Corn Belt which usually supplies a large part of the surplus corn is buying corn from western markets. The farm price of corn in Nebraska and Kansas is 4 and 5 cents respectively lower than a year ago while the farm price in Indiana, Ohio and Illinois is 20, 19 and 16 cents respectively higher than in December last year.

The smaller corn crop in Europe and the small supplies available for export in Argentina caused exporting bids at the Gulf to advance materially during December. Although the exports of corn for November and December

this year were less than a year ago the advancing prices in Europe have caused considerable corn to move to Gulf ports and indicate an increase in demand for United States corn for the next few months.

The usual trend of corn prices is upward from January or February to August. The advance of prices during this period, however, is affected somewhat by the visible supplies in the primary markets, the number of livestock on farms and the location of the crop. Last year prices remained at nearly the January level until May when the lateness of the new crop caused a marked advance in prices. Present indications are that the trend of prices for the next few months will not be materially different from last year as feeding requirements will not be much greater than a year ago, farm supplies are about the same, and the difference in price which might be expected due to the location of the crop is already accounted for by the higher level of prices which prevails this year.

COTTON

The average spot price of cotton at ten important spot markets last month was somewhat less than November, being 18.99 cents for December as compared with 19.74 cents for November, 19.31 cents for December, 1925, and 11.81 cents for December, 1926. Prices received by producers on December 15 averaged 18.7 cents compared with 20.0 cents on November 15, 1927, and 10.0 cents in December, 1926. Market prices since December 15 have advanced slightly, the price at ten important spot markets averaging 19.21 cents on January 6, compared with 18.58 cents on December 15. Usually at this time of the season the cotton market is relatively stable, as the size of the crop has become more definitely established. Quotations for the fall future months (October and December, 1928) during the first week in January were around 18½ cents to 18.3/4 cents per pound, compared with 13½ cents to 14 cents in 1927.

The world's visible supply of all cotton on January 6, according to the Commercial and Financial Chronicle, was 7,421,000 bales compared with 8,502,000 bales on January 7, 1927, and 7,032,000 bales on January 8, 1926. World mill takings of American cotton to January 6, according to the same source, were 7,632,000 bales, compared with 7,939,000 bales for the corresponding period last year, or only about 4 per cent lower, while the indicated crop is 29 per cent below the final ginnings of last season. World spinners' takings of all kinds of cotton to January 6 were 10,107,000, compared with 10,372,000 to the same date a year ago, according to the Commercial and Financial Chronicle.

With an indicated crop on December 1 of 12,789,000 bales (500 pound equivalent) and a carryover of American cotton in the United States on August 1 of 3,663,000 running bales, according to the Bureau of the Census, the total supply of American cotton in the United States for the 1927-28 season is approximately 16,452,000 bales. The carryover on August 1, 1926, was 3,413,000 running bales and the final ginnings of the crop was 17,755,000 running bales, (equivalent to 19,977,000 500-lb.

bales), giving a total supply of American cotton in the United States for the crop year 1926-27 of 21,168,000 running bales. Up to December 1 exports were 3,037,000 bales this year, compared with 4,003,000 to the same date a year ago and consumption in the United States to the same date this year was 2,499,000 bales compared with 2,223,000 bales for the corresponding period last year. When consumption and exports are deducted from production and carryover, the total available supplies in the United States on December 1, 1927, were approximately 10,916,000 bales, compared with about 14,937 000 on the same date a year ago. The total consumption of American cotton by United States mills from December 1, 1926 to July 31, 1927, was 4,660,000 running bales and exports were 6,919,000 running bales, according to the Bureau of the Census.

Exports of cotton from the United States to Great Britain from August 1 to January 6 were 575,000 bales this season and 1,472,000 bales for the same time last season. 1/ Exports to France, Germany and Italy, totalled 2,251,000 bales against 2,716,000 the same time last year and to China and Japan 627,000 bales against 816,000 for the corresponding period last year. 1/

The situation in the British cotton textile industry shows some improvement. Early in January the market at Manchester for cotton manufactures was well supplied with "inquiry" and demand was tending to broaden, according to a cablegram from Tattersall published by Pearsall. Exports of both yarn and piece goods from the United Kingdom during November were above November, 1926, and even greater than November, 1925, according to official British trade statistics. Exports of piece goods for November, 1927, 1926, and 1925, were 402,154,000, 277,640,000 and 325,912,000 square yards respectively. The stocks of cotton of all kinds at Liverpool and Manchester on January 6 were 931,000 bales, against 1,375,000 bales and 1,000,000 bales on corresponding dates for 1926 and 1925. 1/

WOOL

As reported in the Price Situation for last month, trading in domestic wool on the Boston market continues slow, part of the dullness being due to inventory taking. Prices received by producers are reflecting the general advance of market prices, and averaged 32.0 cents on December 15, as compared with 31.1 cents on November 15 and 30.1 cents on December 15, 1926.

Higher prices and keen competition characterize the present situation in foreign wool markets. As the current season has advanced, consuming countries have given evidence of ability to absorb more wool than was taken last year, when the upward trend in demand became clearly marked.

1/ Data on foreign stocks and exports from the Commercial and Financial Chronicle.

The result has been fairly regular strengthening of the primary markets, which has been reflected in most importing countries. Estimates of wool production for the 1927-28 season in nine important producing countries, which usually produce from 65 to 75 per cent of the world's clip indicate a 4 per cent decrease from last season in those countries, according to Foreign Crops and Markets of December 27, 1927. This together with the fact that stocks in exporting countries at the beginning of the 1927-28 season were smaller than at the beginning of the previous season, point to slightly smaller supplies of wool this season than last. Sheep numbers in 18 countries reporting in 1927 reached a total of 361,375,000, an increase of 3 per cent over 1926 and 6 per cent over pre-war. The preliminary estimate of sheep numbers in Australia on January 1, 1927, according to the Commonwealth statistician, is 103 million or 563,000 below the revised 1926 figure, and, according to the Pastoral Review, a still further reduction in 1928 is not improbable due to prolonged drought in Queensland and drought conditions in New South Wales during most of 1927.

At the close of the last series of the London sales on December 13 prices of most grades were 5 to 7½ per cent higher than the closing prices of the previous series on November 25, although there was some weakness in greasy fine merinos. Compared with the same time last year the prices for most grades were 10 to 25 per cent higher. The seventh series of the Sydney sales opened on January 3 with strong general competition and values firm, according to a cablegram from Consul General Lawton.

While domestic consumption of combing and clothing wool in October was practically the same as for October last year, consumption in November fell below the previous month and November, 1926, but was slightly above November, 1925. Imports of combing and clothing wool in November were less than for any November since 1924 and declined 27 per cent from October, while last year imports for November were 52 per cent greater than for October.

In view of the light supplies abroad, the continued strength of foreign markets, the relative lower prices of wool in the United States as compared with prices abroad, unless there is a further recession in general business activity, the wool market in the United States may be expected to continue firm in the near future.

CATTLE

Cattle prices, after reaching the highest point of the year early in December, declined sharply about the middle of the month. This decline in prices affected all kinds of cattle, but the better grades declined most, some kinds declining over $2.00 a hundred. The week following this decline receipts were materially reduced and some recovery in prices followed. With continued small supplies into the first week in January prices recovered to the high level reached in December and in some cases reached new high levels.

Receipts of cattle at seven markets during December were the lowest for any December since 1921 being 14 per cent below December, 1926, and 20 per cent below the five year average for that month. Chicago receipts alone were the smallest for any December since 1898, and the supply of well finished cattle at that market was especially small. At present high price levels for well finished cattle the market will doubtless be very sensitive to any temporary increases in receipts of the better grades and sharp fluctuations in prices for those grades during the next few months are to be anticipated. Reports of the number of cattle on feed this winter indicate that receipts for the next few months will continue to run materially below a year ago, but the seasonal tendency for well fed cattle to make up a larger proportion of receipts during the late winter months will probably result in some reduction of the spread in prices between the best and poorer grades of cattle.

LAMBS

While top lamb prices at Chicago in December were maintained at about the same level as in November, the average price was lower due to the increased price discrimination against heavy lambs and the increased proportion of such lambs in the receipts. Prices were highest during the first half of the month and broke about the third week, but recovered partly during the last week. Receipts at seven markets were about 7 per cent smaller than in December a year ago, but were above the five-year average. A heavy movement of weighty lambs during the next two months is indicated from reports as to number and weight of lambs on feed in important areas.

HOGS

The market supply of hogs during December as measured by receipts at all public markets was about 8 per cent greater than a year ago. The increase over November, which amounted to 13 per cent was slightly greater than was the case in 1926, but was in line with the average or normal seasonal change.

Prices followed about their usual seasonal trend, medium weight hogs at Chicago averaged 86 cents lower in December than in November. The price trend was downward the first half of the month and worked upward during the second half. This was followed by increased receipts near the end of the first week in January when the seasonal peak of marketings usually occurs, which forced prices back to the low level reached around the middle of December. Prices of all hogs at the end of the year averaged the lowest for the season since 1923 and were from $3.00 to $4.00 lower than a year earlier with the greatest decline occurring on lighter weight hogs.

The origin of market supplies so far this winter has been much different from that of last winter. Receipts have been relatively large at southwestern, southern and eastern Corn Belt markets, while receipts at northwestern and western Corn Belt markets have been relatively small, thus making the total market supply much greater than the customary seven-market total would indicate. The large marketings apparently have been the result of increased hog production, which was indicated by the relative size of the spring pig crop in the different areas last year and a poor corn crop in the eastern Corn Belt.

Hog weights have been somewhat below the average for the season in the areas of increased marketings, while in the western Corn Belt hogs are somewhat heavier than a year ago, thus indicating possibly a slight tendency to hold hogs longer for feeding to heavier weights where corn is more plentiful. The decreased total marketings from that area, however, appear to have been largely the result of conditions such as the small corn crop in 1926 and the cholera situation at that time, which affected the size of the pig crop of last spring, thus delaying the usual expansion in hog production. The 1927 fall pig crop, however, showed a marked increase over the corresponding crop a year earlier indicating that the western Corn Belt lagged behind other areas in the present upward trend of the production cycle.

So far this winter packer demand has been less active for hog products to place in storage than a year ago. This, together with the continued weak foreign demand, has caused a larger proportion of current slaughtering to be forced into current domestic consumption than last year. With retail prices lagging behind wholesale, very drastic declines in prices of pork and products at wholesale have resulted, which continued through December. Fresh cuts and pork products (except lard), at the end of December sold mostly around one-third to one-quarter lower than a year earlier.

Hog receipts this winter have not yet shown the full increase in the 1927 spring pig crop reported by the midsummer survey. This may mean that the survey indicated a larger crop than was produced, or that heavier receipts are still to come. However, indications are that foreign demand through the winter will continue even lower than last year, so even if supplies show the usual decline it is doubtful if the spring advance in prices from the December or January low point will be any more marked than usual.

Exports of pork in November were 38 per cent less than in November 1926, while lard was 13 per cent greater. All products combined decreased 7 per cent. The rather marked movement of stocks out of storage and the 5 per cent increase in production indicate a 12 per cent greater wholesale distribution of all pork products in November. Total storage stocks of pork on January 1 were 523,608,000 pounds or 11 per cent greater than at the beginning of 1927, and lard was 54,757,000 pounds, or 9.5 per cent more.

BUTTER

Receipts of butter at the four markets during December were about 5/10 of 1 per cent greater than a month earlier, somewhat less than the normal increase from November to December, and 4.5 per cent less than December, 1926. Prices, however, although steady throughout the month, failed to make the usual seasonal advance, averaging 52 cents for December, just two cents higher than in November, and almost three cents below last December.

The movement of butter out of storage was considerably greater than last December, the increased disappearance of storage butter being nearly enough to offset the reduced receipts of fresh butter. Storage stocks on January 1 were 46,309,000 pounds. This was 11,962,000 pounds larger than a year ago, and 4,320,000 pounds above the average for the last five years. The material reduction in the surplus compared with a year ago indicates that storage holdings are no longer unusually heavy, and no longer are likely to act as a disturbing element in the situation.

Foreign markets weakened during late December to a point where imports into the United States became possible. And in fact several shipments of New Zealand butter were purchased late in December and early in January. The weakening of the foreign markets was attributed to the improvement in Australian pasture conditions during December, and the fact that New Zealand production was already running about one-quarter heavier than last year.

Domestic demand is not quite so strong as a year ago, trade disappearance in December being slightly below that of December, 1926, when prices were slightly higher. However, the December prices were maintained through the first week in January, whereas last year a rather sharp price break occurred at that time, and prices early in January are actually above those at the beginning of January, 1927. Feed conditions are rather favorable for a heavy winter production. It is true that certain grains and concentrates are generally considerably higher than a year ago, but this may be more than counterbalanced by the plentiful crop of legume hay in the central and western dairy regions, and the lower prices prevailing. Inasmuch as hay composes a large percentage of the rations in general use the lower prices compensate for the higher prices of grains. The report of crops and livestock estimates on corn utilization indicates that the amount of corn put into silos last fall was 2 per cent greater than a year ago. The favorable prices of dairy products now prevailing seem to provide the same incentive for liberal feeding that there was last winter. Already, since the passing of the severe weather in December there are evidences of more than the normal seasonal increase in production. This is shown by reports of producers organizations and receipts at the large markets where the receipts since January 1 have exceeded the same period in 1927 by about 7 per cent.

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THE PRICE SITUATION, FEBRUARY, 1928

FARM PRICES

The general average of farm prices on January 15 remained unchanged from December at 137 and was 11 points higher than on January 15, 1927. Slightly higher prices of grains and apples were offset by lower prices for hogs and eggs. All other prices changed very little from those prevailing in December. Compared with prices a year ago, cotton, cattle, corn, barley, horses and apples were considerably higher and hogs, hay, and potatoes were considerably lower. No marked changes during the next month or two in the general average of farm prices are at present evident.

Wholesale prices of farm products during January also remained at the December level, and similar stability existed in nonagricultural prices as a whole. Toward the end of January an increase in building material prices was offset by a decline in textile products prices. With this temporary stability in both agricultural and nonagricultural prices, the relative exchange value of farm product prices (at 137) and nonagricultural prices (at 151) remained at 91 and is not likely to change materially during the next month or two.

BUSINESS CONDITIONS

Different tendencies in the major lines of business during January appear to have maintained the purchasing power of consumers at the level which prevailed during December. During January production and employment increased in the pig iron, steel and automobile industries, but activity in textile mills and the building trades continued downward. Automobile production was nearly at last year's level. Pig iron production increased, but was still below last year's level, and the value of building contracts awarded was about 11 per cent higher than that of January a year ago. Freight car loadings continue below those of a year ago, but this reduction is due to a lower volume of coal, coke, lumber and ore. Mail-order house sales declined but were 6 per cent above those of a year ago, and retail trade was 1 per cent below last year's volume, the reductions being mostly in the Eastern and the Minneapolis Federal Reserve Districts.

Interest rates were somewhat higher in January than in December and during the first week of February several Federal Reserve Banks increased their rediscount rates. The immediate effect was a temporary moderating influence on speculative activity on the stock market. It is not generally expected that the firmer interest rates will prevent the usual spring recovery in business activity, but as indicated in the

preceding issue of the Price Situation, this recovery may not bring business activity and the purchasing power of industrial consumers to the level of a year ago.

WHEAT

Wheat prices in the past month continued slightly upward excepting for durum which declined. The average farm price of wheat rose from 114 to 115 cents per bushel between the middle of December and January 15. Cash prices of all classes and grades at six markets for the week ending February 3 averaged 131 compared with 128 the week ending December 30. The price of May futures in Chicago, on the other hand, held about the same level, and declined at Liverpool. The May futures margin between Chicago and Liverpool was reduced from 18 cents as of January 9 to 14 cents as of February 9. The margin of Minneapolis prices over Winnipeg has increased.

The prices of soft red winter wheat have risen and continue to be considerably above last year. No. 2 red winter at St. Louis rose from 147 the last week in December to 152 for the week ending February 3rd. This class of wheat is definitely on a domestic market basis and is likely to continue so until the new crop becomes available. The price of durum wheat, on the other hand, declined materially, No. 2 amber durum at Minneapolis dropping from 135 to 128. Prices of hard red spring wheat strengthened somewhat, No. 1 dark northern increasing from 138 to 143 and hard winter prices rose slightly, No. 2 at Kansas City rising from 130 to 136 and then dropping back to an average of 131 cents per bushel for the week ending February 3rd.

Estimates of world supplies of wheat have not materially changed. It now seems probable that Russian shipments for the year will be about 40 million bushels less than last year, as exports to date have amounted to only about 5 million bushels. The Argentine crop is now moving in large volume but the Australian shipments are smaller than last year. A larger commercial supply has accumulated in Canada, the movement of which will await the opening of the Lakes. Altogether it seems that the surplus of exporting countries remaining to be shipped this season is but very little if any larger than at the same time last season, and deficit countries probably will take in the remainder of the season about as much wheat as they took in the same period last year.

Estimates of area seeded received to date, in territory which last year accounted for about 50 per cent of the crop, indicate an increase of 4 per cent outside of Russia. Reports from Russia indicate that fall seedings were probably less than last year and that a considerable amount of winter killing is expected. The condition of the wheat crop in North Africa appears to be fairly good, and in India and most European countries about average.

At present there is no definite indication of a change in the direction of wheat prices. Fluctuations are to be expected of course. The prospects as to the date of opening the Lakes may become a factor of some temporary importance toward the end of March. The influence of estimates of seedings and reports as to the prospects for the new crop will become of increasing importance as the weeks pass.

CORN

The general level of corn prices for the first week in February, as measured by the prices of all classes and grades at the five principal primary markets, was about the same as during the first half of January. Corn prices at these markets advanced from 77 cents the first week in January to 81 cents for the week ending January 20 and then declined to 78 cents for the week ending February 3. The price of No. 3 yellow corn at Chicago advanced from 85 cents for the first week of January to 89 cents for the week ending February 3, and averaged 88.6 cents for January as compared with 86.4 cents for December and 74 cents for January a year ago. The farm price of corn as of January 15 was 75.2 cents compared with 75.1 cents in December and 58.9 cents in January, 1927.

The visible supply of corn increased from 27,034,000 bushels on January 1 to 28,558,000 on January 28. The usual increase in supplies during this period is about 6,500,000 bushels and this increase of only 1,500,000 bushels this year indicates a very active demand for corn. Although receipts at the eleven principal corn markets during December and January this year have been about 50 per cent greater than a year ago, this is not a correct measure of country marketing as there has been considerable reshipment between primary markets due to the abnormal location of the 1927 crop.

The decrease of 4 per cent in the number of horses on farms January 1, 1928, compared with a year earlier, and the decrease of 2 per cent in mules, and 2.1 per cent in cattle is more than offset by the 8.4 per cent increase in hogs and 6.5 per cent increase in sheep when considered as a measure of the demand for feed. This is practically offset, however, by the large increase in marketing of hogs the first six weeks of 1928 and the abundance of cheap hay available. It is, therefore, likely that the amount of corn required for feed for the remainder of this season will be about the same as a year ago.

The smaller crop of feed grains in Europe has resulted in increased shipments of feed grains from the United States and the taking of the surplus corn from Argentina. Corn exports from the United States from November 1 to February 4 have been somewhat below a year ago, but according to the Price Current Grain Reporter exports of American corn from November 1 to February 4 were 3,820,000 bushels compared with 1,453,000 bushels to the same date a year ago. European prices for United States corn have been high and have had a favorable influence on United States prices. Argentine supplies of corn from the 1927 crop are practically

exhausted, and until the new Argentine crop is available Europe may return to the United States.

Estimates of the Argentine crop now being harvested will be a factor of some importance in the market for the next few months. The first official estimate of corn acreage in Argentina for 1927-28 is 10,608,000 acres compared with 10,650,000 acres a year ago. Growing conditions during the season have been reported as favorable for the corn crop. According to trade reports new Argentine corn for April and May shipment is being offered at around 20 cents below quotations on United States corn.

The trend of corn prices in the United States until the new Argentine crop becomes available may be affected materially by European demand for corn. The trade apparently expects a considerable amount of corn to be exported from the United States to Europe. Large European purchases from the United States would undoubtedly be a strengthening factor in the market and might cause a material rise in prices. On the other hand, since European consumers prefer Argentine corn and small grains to the corn of the United States, they may postpone in so far as possible further purchases of corn until the new corn can be secured from the Argentine and therefore the expected increase in demand for corn from the United States may not fully materialize.

COTTON

The average price of Middling spot cotton at 10 important spot markets for January was 18.44 cents, which was the lowest for any month so far this season and .55 cents lower than for December, 1927. Prices received by producers on January 15, averaged 18.6 cents compared with 18.7 cents on December 15, and 10.6 cents on January 15, 1927. Cotton prices at the 10 important spot markets declined from 19.18 cents on January 4, to 16.59 cents on February 2, but recovered during the second week in February to 17.71 cents on February 11.

The world's visible supply of American cotton on February 10, according to the Commercial and Financial Chronicle was about 5.4 million bales, compared with 7.0 million bales on February 11, 1927. According to the same source, world's mill takings of American cotton to February 10, were 9.2 million bales, compared with 10.2 million bales for the corresponding period last season, or about 10 per cent smaller. The indicated supply of American cotton in the United States for the season 1927-28 is approximately 16.5 million bales, compared with about 21.2 million bales in 1926-27.

Up to February 1 of this season exports were 4.5 million bales, and domestic consumption 3.5 million bales, the total of which deducted from the indicated supply left an available supply in the United States on February 1 of approximately 8.5 million bales. In comparison, exports for the corresponding period in 1927 amounted to about 6.6 million bales, and domestic consumption of American to about 3.3 million bales, which left an available supply on February 1, 1927 of about 11.3 million bales.

Stocks of American cotton at British ports on February 10, 1928 as reported by the Liverpool Cotton Association were approximately 522,000 bales, compared with 999,000 bales and 614,000 bales at the corresponding dates of 1927 and 1926 respectively. In the Continental ports they were, according to the same source, 1,032,000 bales as compared with 1,035,000 bales and 625,000 bales respectively on the corresponding dates of 1927 and 1926.

The Bureau of the Census reported that domestic consumption of American cotton in January was 557,906 bales, compared with 519,004 bales in December, and 580,318 bales in January, 1927, and the quantity of American cotton on hand in domestic consuming establishments on February 1, 1928, was 1,624,191 bales, compared with 1,786,962 bales on the same date in 1927.

According to reports from mills received by the Association of Cotton Textile Merchants of New York, and the Cotton Textile Institute, the ratio of sales of goods to production during the first four weeks of January was 65.2 per cent compared with 110 per cent for December and 165 per cent for January, 1927, and stocks were 367,223,000 yards at the end of January, 1928, compared with 336,501,000 yards at the end of December 1927. Stocks of several classes of cotton manufactures in department stores at the end of December were below a year previous, according to the Federal Reserve Board. Developments in the cotton textile situation in Continental Europe during December and January appear to have been somewhat favorable from the standpoint of raw cotton consumption, according to L. V. Steere, Acting Agricultural Commissioner at Berlin. Mills in Central Europe report an increase in new business after a declining tendency of sales for two or three months and there are also indications of improvements in France and Italy. Cotton textile business continues depressed in Japan. On December 31 cotton yarn stocks at Kobe and Osaka were 58,000 bales or 13,000 greater than on November 30, according to the Department of Commerce. Activity in the American section of the British cotton industry continues at a low level, but spinners' takings of American cotton this season to date are somewhat larger than a year ago. British news reports indicate efforts to lower wages and increase working hours. Deliveries of American cotton to spinners in Great Britain from August 1, 1927 to January 27, 1928 as reported by the Liverpool Cotton Association were 960,000 bales compared with 892,000 bales and 1,097,000 bales in the corresponding periods of 1926-27 and 1925-26 respectively.

WOOL

The principal features of the domestic wool market during January were the marked strength of raw wool prices, a rise in the prices of wool tops and yarn much greater than for some months past, continued light stocks, and an indication of some slackening in wool manufacturing activity as shown by statistics for December. Prices of wool at Boston in January advanced 2 to 5 cents, scoured basis, and reached the highest point of the present upward movement for most grades of domestic wool. Prices of wool tops and worsted yarn showed more response to the upward movement of the raw material than for some months, the index of composite worsted yarn being 171.6 on January 27, as compared with 167.6 on December

30, according to Fairchild's report. The average price received by wool producers on January 15 was 33.2 cents, compared with 32.0 cents on December 15 and 30.9 cents on January 15, 1927. Private reports indicate that contract prices for the new clip are higher than the January 15 price quoted above.

Consumption of combing and clothing wool by reporting mills in December was 30,367,000 pounds, compared with 34,728,000 pounds in December, 1926. Available statistics on machinery activity likewise indicate some slackening in the weaving industry. The percentage of total number of looms active and of total hours active in December were below November, 1927, and December, 1926, according to reports received by the Department of Commerce. Since consumption of combing and clothing by reporting mills was 19,000,000 pounds greater in 1927 than in 1926, production of fleece wool in the United States in 1927 was only about 11,500,000 pounds greater and imports of combing and clothing wool were 64,000,000 pounds less, total stocks of wool in the United States are at a very low point.

Stocks of combing and clothing wool by reporting dealers and manufacturers on December 31, 1927, were 180,227,000 pounds (grease equivalent) compared with 213,814,000 pounds on December 31, 1926. As compared with the previous quarter (September 30, 1927) aggregate stocks of domestic combing and clothing wool decreased 49 per cent while foreign wool not including carpet increased 11 per cent. Aggregate stocks of all wool by rep orting dealers and manufacturers on December 31, 1927 were 230,040,000 pounds against 392,419,000 for the 5-year average. Stocks of foreign combing and clothing wool in bond at Boston on December 31, 1927 were only 3,771,000 pounds against 29,361,000 on December 31, 1926.

Imports for December were 22 per cent less than for December, 1926, and imports at three principal ports were 26 per cent less for the period January o-28, 1928, than for the corresponding period in 1927.

The number of men's and boys' garments cut during November was somewhat less than for November a year ago, according to firms reporting to the Bureau of the Census.

The index of wholesale trade in men's clothing in December was considerably above November, 1927, and December, 1926, after adjusting for seasonal variation, according to the Federal Reserve Board. Department store sales of men's clothing in December were slightly above the previous month.

The first series of the London Wool Sales this year closed early in February with prices generally 5 to 10 per cent above the closing rates of the previous series. Prices of wool manufactures at Bradford are firm, according to a cablegram received by the Bureau of Agricultural Economics from Consul Thompson. Improvement is noticeable in the demand for white botany yarn. Home demand and exports of piece goods, particularly of the better class worsteds and tweeds, have shown a steady improvement.

Estimates of wool production for the 1927-28 season in nine important producing countries, which usually produce from 65 to 75 per cent of the world's clip, indicate a 5 per cent decrease from last season in those countries, according to various sources as published in Foreign Crops and Markets for December 27, 1927. This, together with the fact that stocks in exporting countries at the beginning of the 1927-28 season were smaller than at the beginning of the previous season, point to slightly smaller supplies of wool this season than last. Wool production in the United Kingdom in 1927 is estimated by the Yorkshire Observer to be 118,537,000 pounds, compared with 114,567,000 last year, an increase of 3 per cent. Wool production in Canada is officially estimated at 18,673,-000 pounds in 1927, compared with 17,960,000 pounds in 1926, or an increase of 4 per cent. Although Australian wool receipts up to December 31, 1927 aggregated 2,131,000 bales, compared with 2,211,000 bales for the same period last season, total disposals have been slightly larger amounting to 1,257,000 bales against 1,213,000 for the same period last season. The weight of the bale this season is reported to be less than last season. Wool remaining in store on December 31, 1927, amounted to 874,000 bales, compared with 999,000 bales on December 31, 1926, according to the National Council of Wool Selling Brokers quoted in London Chamber of Commerce Journal.

The number of sheep and lambs on farms in the United States on January 1, 1928 was estimated at 44,545,000 head, or 6.5 per cent larger than the revised estimate for January 1, 1927, and the largest number in sixteen years.

HOGS

Hog prices have been relatively steady since the middle of December, with weekly average cost at Chicago ranging from $8.05, week ending December 17, to $8.40, week ending January 7. Since the first week in January weekly average cost has ranged from $8.13 to $8.29. Compared with a year ago prices are down about 31 per cent.

Wholesale prices of fresh pork in Eastern markets turned upward during the latter part of January, after reaching a low point in the middle of the month, and have shown a tendency to harden in Chicago. Prices of cured products and lard have been generally steady at Chicago, but with the exception of lard continue to show a downward tendency in the East.

Hog receipts at all markets in January were 24 per cent larger than a year ago. The increase was very unevenly distributed, markets east of the Mississippi River showing an increase of about 34 per cent while the Missouri River group showed an increase of only 8 per cent. The increase in receipts became more pronounced in the latter part of the month and was still larger in the first half of February as indicated by receipts at the seven large markets. Following an increase of 20 per cent in January this group of markets showed an increase of 41 per cent up to February 11, the Missouri River group alone showing an increase of 34 per cent compared with a year ago. Average weights are running slightly below those of a year ago at markets East of the Mississippi, but are a little heavier at Missouri River markets. Total exports of pork and lard during January were apparently about 4 per cent less than in January, 1927.

The ability of hog prices to hold in the face of increasing receipts indicates strong buying support in the market and that slaughterers apparently are anticipating a good future demand for pork products and higher prices. With the present buying strength and the expected seasonal reduction in receipts during the next six weeks it appears likely that prices will make their normal seasonal advance. In previous years when the position of the hog cycle was similar to that of the present, hog prices advanced about 15 per cent above the winter low to the peak of the spring rise which is generally reached in late March or early April.

CATTLE

Cattle prices were steady to strong during the first half of January, but some weakness developed during the second half and prices of some of the better grades of beef steers declined nearly $1.00 per hundred. The poorer grades of beef steers and other kinds of slaughter cattle declined less. Stocker and feeder cattle prices continued strong and in January reached the highest levels in eight years. Although the average cost of stocker and feeder steers at Chicago in January, 1928, was 35 per cent above January, 1927, the spread between killing steer prices and feeder steer prices was $3.33 in January, 1928, compared to $2.05 in January, 1927.

Receipts of cattle at 7 markets in January, 1928, were 7 per cent below January, 1927, and the second smallest for the month in over 10 years.

LAMBS

Lamb prices were weak during the first half of January, but made a substantial advance during the second half, which continued into the first week in February and carried top lamb prices to nearly $16.00 and to the highest level since early last summer. Although receipts at seven leading markets in January were about the same as in January, 1927, prices this year averaged somewhat higher and no such advance in prices occurred last year until about the first of March. The number of lambs on feed indicates that fed lamb supplies for the next few months will be considerably larger than last year. The location of these supplies point to relatively small receipts at markets east of Chicago and liberal supplies at Missouri River markets. Eastern slaughterers who ordinarily get their supplies at nearby markets probably will have to seek a part of these at western markets, which will increase the shipping demand at those points.

BUTTER

Conditions discussed in the January report as favorable for heavy winter production of butter have since been reflected in a marked increase in receipts. From January 1 to February 10 receipts on the four principal markets were about 11 per cent heavier than a year ago, amounting in the two periods to 57,913,000 pounds and 52,042,000 pounds respectively. Storage stocks were further substantially reduced in January, a movement of 18 million pounds bringing the holdings on February 1 to 28 million pounds or just slightly above the 5 year average of 27 million pounds.

Ninety-two score butter at New York averaged 49 cents during January, the same as last year, but between January 1 and February 10 declined from 52 cents to 47 cents. Last winter the January decline in the price of 92 score butter from 53 cents to 48 cents was influenced relatively more by imported supplies and was followed by recovery to 51 cents in early February and maintained at about that level until May. Prices on 88 score have remained comparatively steady at around 43 cents, the margin between 92 and 88 score having narrowed from 9 cents during December and the first week in January to 4 cents in late January and early February. The average difference for the month of January was 6 cents this year against 3-1/2 cents the preceding January, and an average for the month of January of about 4 cents.

Imports during December and early January approximated 1,500,000 pounds. The cheapening of domestic butter especially of the higher grades has tended to check importation, the price difference between 92 score in New York and the Copenhagen export quotations having been little more or less than the import duty of 12 cents since the first week of January. The narrowing of this margin which had reached 16 cents on December 22 was brought about almost wholly by the lowering of domestic prices.

With unusually heavy current production along with storage holdings still up to average and foreign offerings available, duty paid, at competitive prices, there has been somewhat more than the usual seasonal decline in prices during January. Apparently the unsually abundant supplies of home-grown feed, particularly roughage of good quality in butter-producing sections will continue to dominate the situation during the winter feeding season.

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington, D. C.

For release March 15, 1928.

THE PRICE SITUATION, MARCH, 1928

FARM PRICES

The index of farm prices on February 15 at 135 was 2 points lower than on January 15 and 8 points higher than on February 15 a year ago. This decline was due largely to the lower prices of cotton and the seasonal declines in butter and eggs which more than offset the slightly higher prices for most of the commodities included in the index. Cotton prices continued their downward trend which started on September 9 until about the middle of February and have so far this season moved as they have in the past in years of similar supply and demand conditions. Apple prices have made their characteristic seasonal advance for a year of very small crop. The recent changes in other farm commodity prices are largely seasonal in character excepting the price of horses, which has advanced more than usual between January and February. Compared with a year ago the prices of cotton, cottonseed, feed grains, apples, beef cattle, lambs, wool and horses are higher, while practically all of the other commodities are lower, the greatest advances over a year ago being shown by cottonseed, apples, cattle and cotton, and greatest declines by potatoes and hogs.

Since the 15th of February prices of cotton, butter, grains, potatoes and lambs have advanced somewhat while prices of cattle, hogs and eggs have declined, indicating that the average of farm prices on March 15 is not materially different from that of February.

Commodity prices at wholesale markets were also lower in February than in January, according to the Annalist Index. The average for January was 148, for February 146, the decline being due to lower farm, food and fuel prices; metal and building material prices advanced slightly.

BUSINESS CONDITIONS

No material changes have taken place in business conditions in February to alter the review of last month when it was indicated that the buying power of industrial consumers this spring was not as high as a year ago. During the past month activity in the automobile and steel industries continued to increase reaching approximately the levels of a year ago, but in spite of this increase in activity in these basic industries the total volume of industrial employment and wage payments continued below that of a year ago.

The distribution of commodities by rail was again below that of a year ago, the decline in February being due to smaller loadings of miscellaneous freight as well as coal. Retail distribution through mail order houses in February was well above that of a year ago and through department stores about 2 per cent above.

Interest rates in February were somewhat firmer, but practically equal to the rates of a year ago, and prices of industrial stocks averaged lower than at the beginning of the year. Loans by Federal Reserve Banks for commercial purposes increased slightly during the month and were only 1 per cent higher than a year ago; while loans on stocks and bonds and investments by these banks were about 12 per cent greater. The one per cent increase in commercial loans reflects the moderate increase in business activity from the recession at the end of 1927 and the greater increase in loans on stocks and bonds, the maintenance of a large volume of speculative activity. According to the Harvard Committee on Economic Research, the lower volume of industrial buying power, the irregular movement of stock prices, the behavior of certain industrial commodity prices and the failure of business activity to show greater improvements than those of January and February are suggestive of a temporary curtailment of manufacturing activity following the present moderate advance which has so far been less than the usual seasonal.

WHEAT

The trend of wheat prices continues upward. The average farm price increased from 115 to 116 cents per bushel between the middle of January and February. The trend of the price of all classes and grades at six markets has been upward since the last of October. By the first of March market prices had recovered to the level of last year, averaging 134 per bushel for the week ending February 24, the same as for the corresponding week of last year.

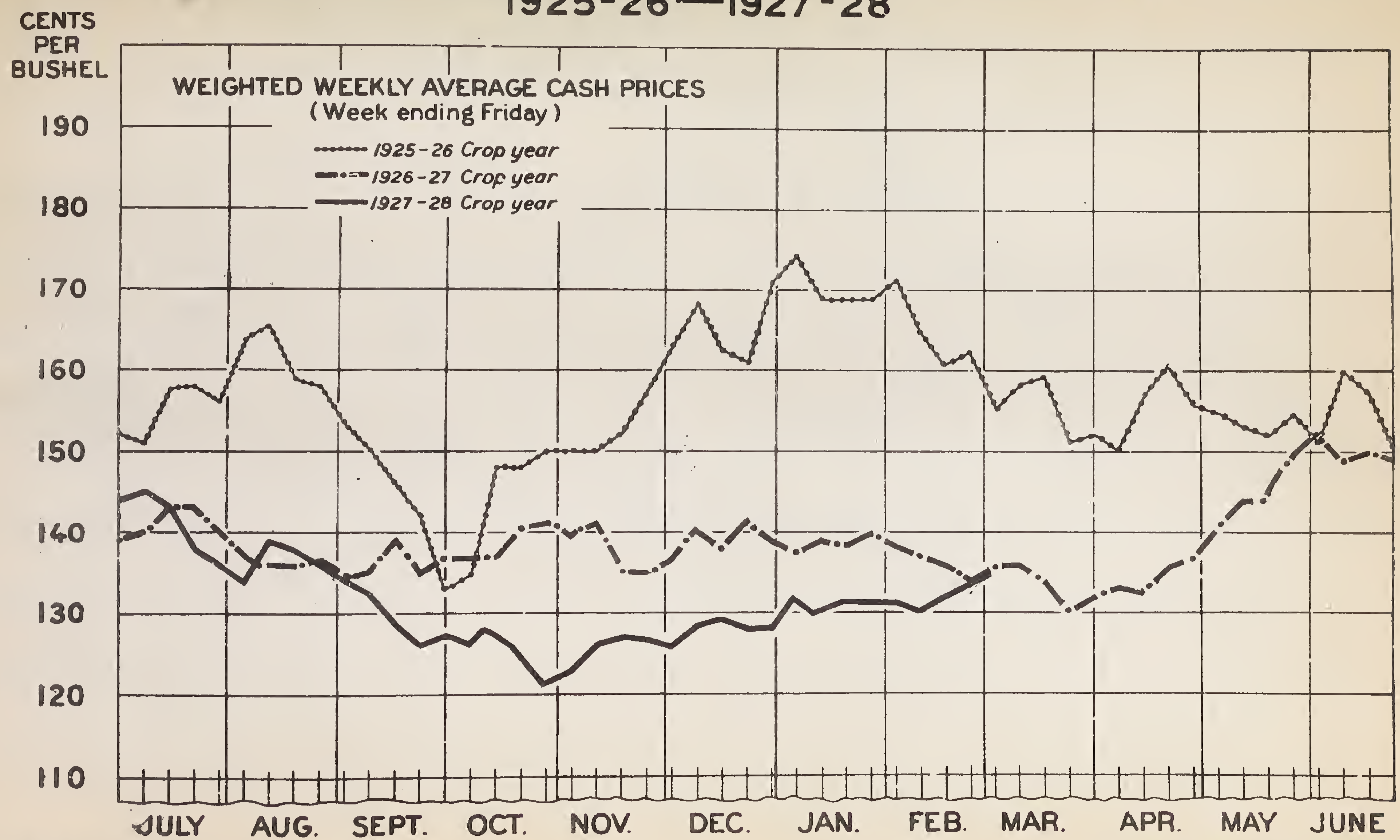
Each of the classes of wheat shared in the advance of the past month. No. 2 Red Winter at St. Louis advanced to an average of 161 cents the first week in March, 29 cents above the average of the corresponding week last year. No. 1 Amber Durum at Minneapolis after advancing 5 cents, to 133, was still 21 cents below last year. No. 1 Dark Northern at 145 was one cent under and Hard Winter at Kansas City at 135 was the same as last year. The relatively high prices of Soft Red Winter wheat is a strengthening factor in the demand for other flour-wheats. There is, however, no prospect for a material change in the relative price positions of these classes of wheat until the new crops become a factor in the market.

The foreign situation continues favorable for marketing the remainder of our export surplus of Hard Winter and Hard Red Spring wheat. Prices have increased in Continental Europe. Russia remains out of the export market. In comparison with last year the extra surplus in Canada, much of which is low grade, is more than offset by reductions in supplies available from the Southern Hemisphere and the Balkan countries. Furthermore the European crop prospects to date are not very promising as to the new crop. European wheat acreage reported to date is about two per cent greater than last year but winter killing is reported to be extensive in some areas.

In the past two years wheat prices have declined temporarily in the latter half of March again turning upward in April. These declines are largely due to the prospect for or the actual release of large Canadian

WH-11

WHEAT: PRICE OF ALL CLASSES AND GRADES AT SIX MARKETS
1925-26—1927-28



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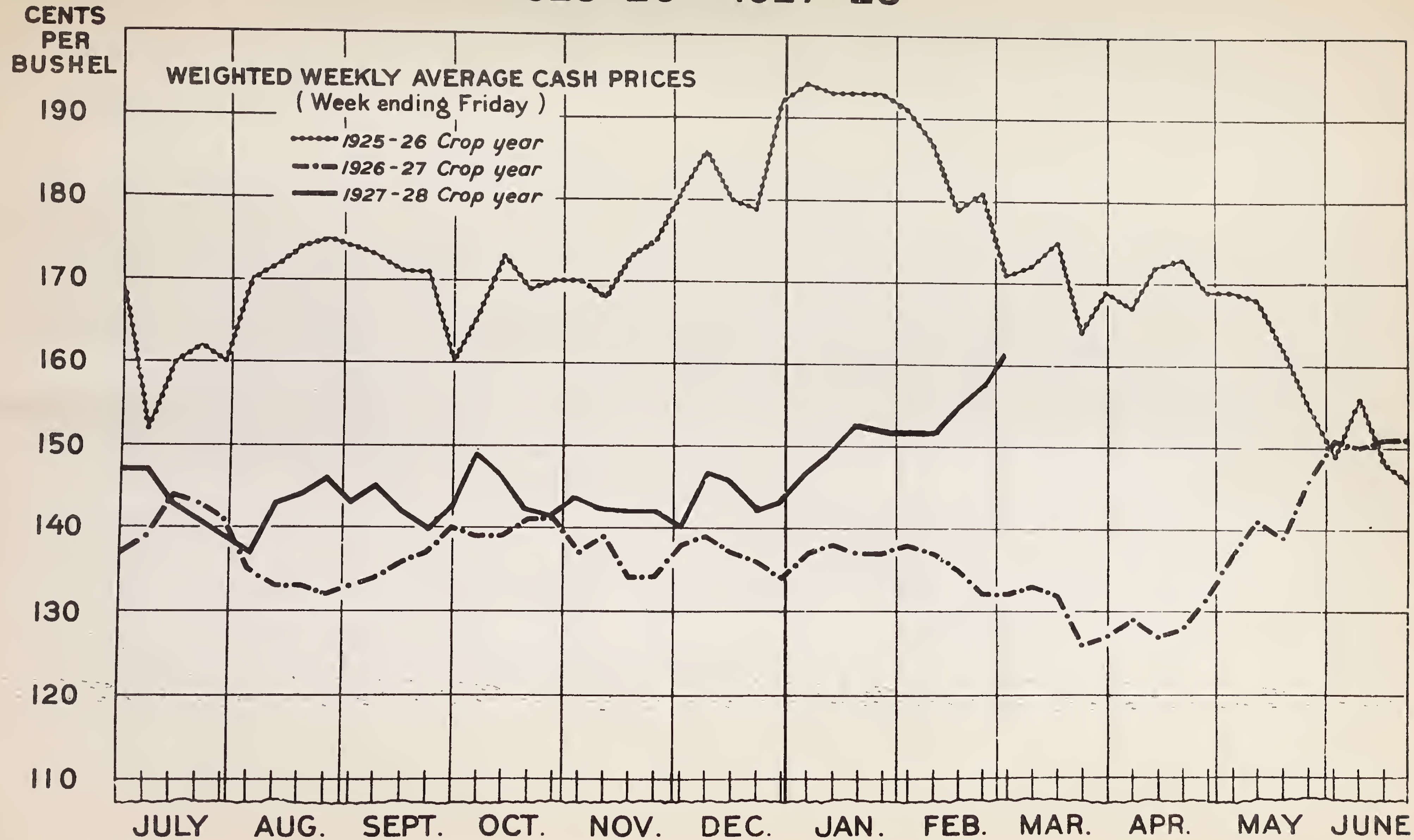
WH-11

WHEAT: PRICE OF NO. 2 RED WINTER AT ST. LOUIS 1925-26—1927-28



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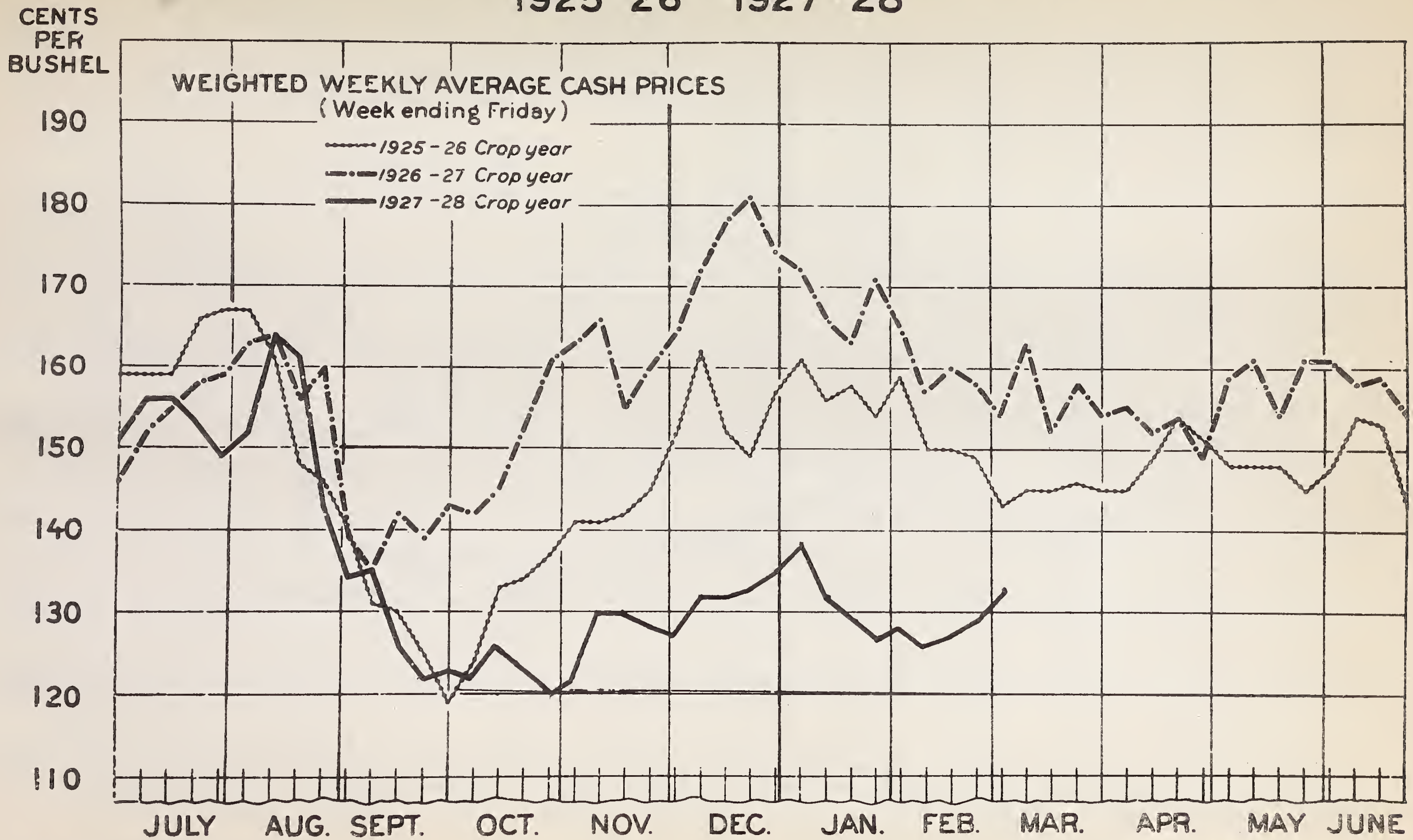
WH-11

WHEAT: PRICE OF No. 2 AMBER DURUM AT MINNEAPOLIS 1925-26—1927-28



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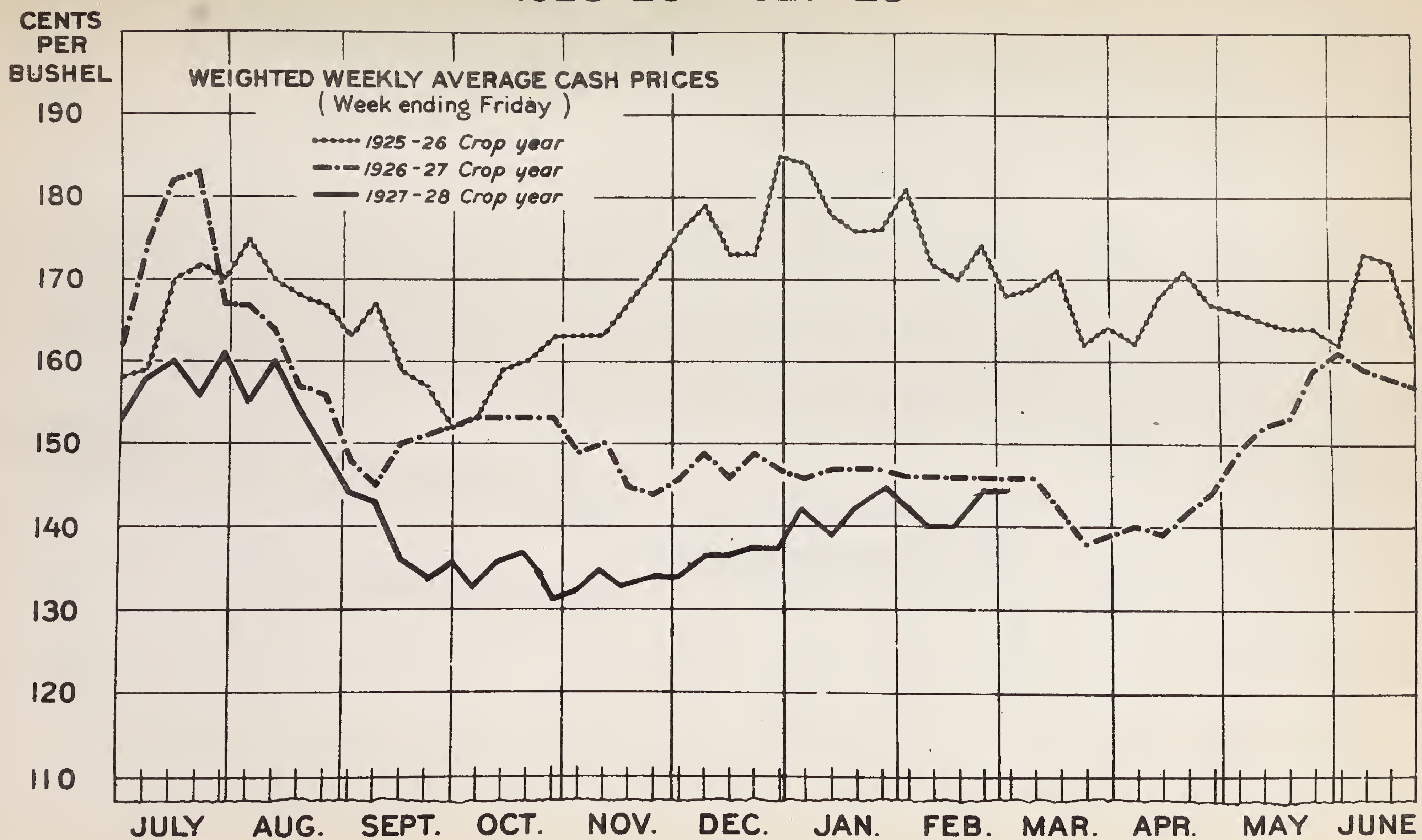
WH-11

WHEAT: PRICE OF NO. 1 DARK NORTHERN SPRING AT MINNEAPOLIS 1925-26—1927-28



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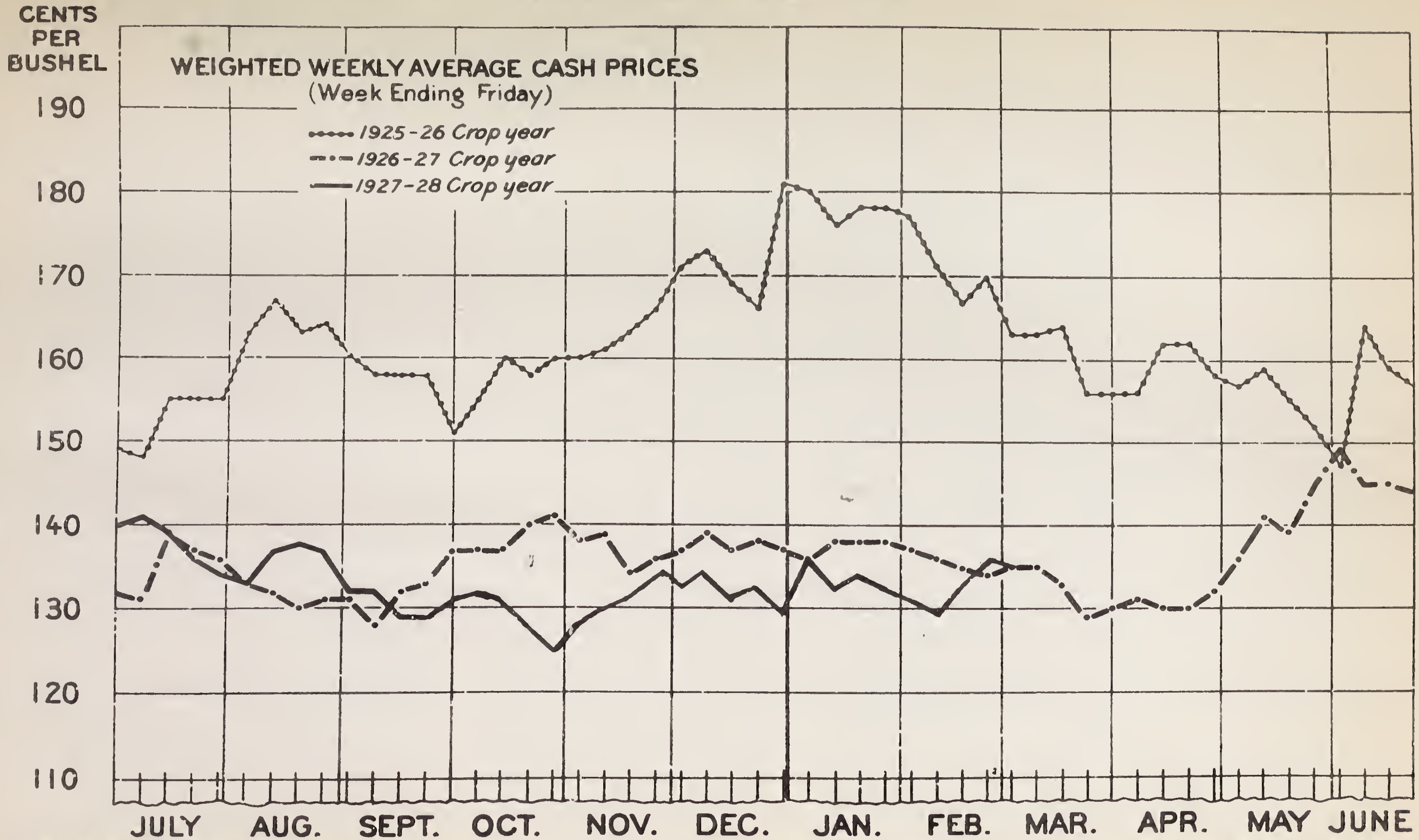
WHEAT: PRICE OF NO.2 HARD WINTER AT KANSAS CITY 1925-26—1927-28



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supplies by the opening of the Lakes. Last year the temporary decline was followed by a marked rise culminating about the first of June. The situation this year is in many respects similar to a year ago and if prices should decline in the coming month farmers might do well to refrain from selling until the release of the Canadian supplies is no longer a factor in the market.

CORN

Corn prices advanced materially during February and continued at the higher level through the first week in March. The price of all classes and grades of corn at the five principal markets advanced from 78 cents for the week ending February 3 to 87 cents for the week ending February 17 and continued at about this level through the week ending March 9. The price of No. 3 Yellow corn at Chicago advanced from 91 cents on February 6 to 98 cents on February 20 and then remained fairly steady being 98 cents on March 8. The average for February was 95 cents compared with 89 cents for January and 73 cents for February a year ago. The farm price of corn as of February 15 was 79 cents, compared with 75.2 cents in January and 66.5 cents on February 15, 1927.

The disappearance of corn during the first four months of the 1927-28 season was greater than for the same period last year and farm supplies on March 1 were estimated to be somewhat less than a year ago. The stocks of corn on farms March 1, 1928, were reported as being 1,020,000,000 bushels, compared with 1,134,000,000 bushels on March 1, 1927, and the disappearance from the farm from November 1 to March 1 was 1,883,000,000 bushels, while for the same period last year farm disappearance amounted to 1,741,000,000 bushels. The increase in corn consumption is due largely to the greater number of hogs being fed this year. The number of hogs received at 67 markets from November 1 to February 29 this year increased 22.3 per cent or 3,365,000 head over the same period in 1926-27.

Stocks in the twelve Corn Belt States were smaller than a year ago being 675,000,000 bushels, compared with 743,000,000 bushels in 1927 and a five-year average of 751,704,000 bushels. In the western part of the Corn Belt, however, stocks were considerably larger than a year ago, North Dakota, South Dakota, Nebraska and Kansas having 258,444,000 bushels of corn on farms March 1, compared with 80,308,000 bushels for the same period a year ago. The largest decreases in the March 1 supply were in Ohio, Indiana and Illinois. These states reported as having only 172,601,000 bushels on March 1, 1928, compared with 305,787,000 bushels on the same date in 1927. Owing to the abnormal distribution of the crop in the Corn Belt, while farm prices in the western part of the Belt on February 15 were only from one to two cents higher than a year ago, in Illinois, Indiana and Ohio prices were from 19 to 22 cents higher. The March 1 distribution of stocks indicates a continuation of this difference in prices.

The merchantable quality of the 1927 crop is estimated to be but little better than the 1926 crop and the amount of corn to be shipped out of county where grown was estimated to be greater than that from the 1926 crop. The per cent of merchantable quality was estimated to be 73.4 per cent this

year compared with 71.1 per cent last year. Farmers reporting on March 1 indicated that 18.1 per cent of the crop, or approximately 505 million bushels, would be shipped out of the county where grown this year, compared with 16.6 per cent of the 1926 crop, or approximately 447 million bushels. This is a small difference which may have been disposed of already in marketing. The visible supply of corn at the primary markets on March 1 was 6,339,000 bushels less than last year, which leaves the market prospects for corn for the remainder of the season in a more favorable condition than a year ago.

The visible supply of corn at primary markets increased materially during February, being 40,998,000 bushels on March 3, compared with 28,588,000 bushels on January 28. Although receipts in February were larger than in January, the margin of receipts over shipments in February does not account for an increase in the visible supply of 12,440,000 bushels; compared with an increase of only 1,554,000 bushels during the first four weeks of January, and this indicates that there was some slowing up in the takings of supplies from the primary markets in February. This situation ordinarily might have an important effect upon corn prices, but due to the abnormal location of the crop this year, its significance is hard to evaluate.

The European situation continues to be a favorable influence on United States corn prices. Although exports of corn from the United States to date have been somewhat smaller than a year ago, shipments of corn from North America have been nearly 3.4 times as large as in the same period in 1926-27. The total United States exports of corn from November 1, 1927, to March 3, 1928, were 6,716,000 bushels, compared with 7,412,000 bushels for the same period last year, while North American shipments of corn during the same periods were 7,330,000 and 2,179,000 respectively, according to the Price Current Grain Reporter. The decline in United States exports is due to the smaller imports of corn by Canada. The short supplies of corn in Argentina has caused Europe to turn to North America for a large portion of its corn supplies and the high level of corn prices in Europe has been a strengthening influence on corn prices in the United States. The new Argentine crop should be available for export in volume the latter part of April but this should have little effect on corn prices in the United States as May future contracts for Argentine corn are only about 15 cents below prices in the United States.

Although the numbers of horses, mules and cattle on farms January 1 were less than a year ago and farmers have indicated a decrease in the number of brood sows being kept to farrow this spring, the larger fall pig crop which is now being prepared for market will probably cause corn requirements for the remainder of the season to be equal to last year. With the smallest farm supplies of corn available on March 1 since 1918, except for March 1, 1925, which followed the unusually small crop of 1924, and with corn requirements about equal to last year and a strong commercial demand for corn, it is likely that the corn market will continue firm for the next month.

COTTON

Since the recovery from the low point of early February, cotton prices have been relatively stable. The average prices of middling spot cotton at ten important spot markets advanced from the low point of 16.59 cents on February 2 to 18.41 on February 25 and ~~have~~ remained at about that level through the first week in March. The average spot price for middling cotton at these markets for February was 17.60 cents, as compared with 18.44 cents for January and 13.45 cents for February, 1927. Prices received by producers declined from 18.6 cents as of January 14 to 17.0 cents as of February 15, which is 5.5 cents above the prices prevailing February 15, 1927.

The world's consumption of American cotton for the first half of the 1927-28 season was 8,226,000 bales, compared with 7,423,000 for the first half of the 1926-27 season and 8,357,000 bales from February 1 to July 31, 1927, according to the report of the International Cotton Federation. According to the Bureau of the Census, the United States consumption of American cotton during the first half of 1927-28 was 3,465,000 bales, compared with 3,284,000 bales for the corresponding period of 1926-27 and 3,599,000 bales for the second half of 1926-27 season. Deducting this from the world consumption given above leaves the foreign consumption of American cotton for the first half of the 1927-28 season at 4,761,000 bales, as compared with 4,139,000 bales for the same period in 1926-27 and 4,758,000 bales for the second half of 1926-27. The record foreign consumption of American cotton for the first half of the 1927-28 season was largely the result of low priced cotton available from the 1926 crop.

Domestic mill consumption for the last three months has fallen below that for the corresponding months last season. According to the Bureau of the Census domestic consumption for February was 573,810 bales, or an average daily consumption of 23,421 bales, compared with a daily consumption of 22,840 bales for January and 24,911 bales for February 1927.

World mill stocks of American cotton were slightly smaller on January 31, 1928, than the year previous but equaled the stocks of January 31, 1926, according to the International Cotton Federation, being 2,867,000 bales on January 31, 1928, compared with 2,982,000 and 2,862,000 bales for the same dates in 1927 and 1926, respectively. Deducting world mill consumption of American cotton of 8.2 million bales from the total 1927-28 supplies left approximately 12.4 million bales of American cotton available on February 1, 1928, compared with approximately 16.2 million bales on the same date in 1927.

World mill stocks of all kinds of cotton on January 31, were larger than last year, being 4,882,000 bales for January 31, 1928, compared with 4,755,000 for January 31, 1927, according to the Federation. This greater supply is due to the increase in the stocks of

Indian cotton and cotton reported as "sundries," (cotton other than American, Indian and Egyptian).

The domestic stocks of American cotton on March 1 were materially below stocks which prevailed on the same date last year. Up to March 1 of this season exports were 5.1 million bales and domestic consumption 4.2 million bales, the total of which deducted from the indicated supply left an available supply in the United States on March 1 of approximately 7.2 million bales. For the corresponding period in 1927 exports were about 7.5 million bales and consumption 4.0 million bales leaving an available supply for the remainder of the season of about [redacted] 10.0 million bales.

The cotton textile situation in Continental Europe during January and the first half of February indicated no significant change in the immediate outlook, according to reports received up to February 29 from L. V. Steere, Acting Agricultural Commissioner at Berlin. A few mills in Germany and central Europe appeared to be reducing production to some extent, and in Poland considerable curtailment of operations seemed to be taking place because of overproduction during the closing months of 1927, but the general level of activity was being quite well maintained in most countries and new orders have been about sufficient to enable maintenance of current operating levels. Purchases of American cotton for Soviet Russia as reported by the All-Russian Textile Syndicate for the half year ended January 31, 1928, amounted to 134,000 running bales against 118,900 bales for the same period last year.

Information received to date indicates that cotton production in foreign countries for the 1927-28 season is about the same as for last season. In ten foreign countries reporting for the 1927-28 season, production totals 6,545,000 bales of 478 pounds net weight, as compared with 6,580,000 bales for last season. These countries produced 66 per cent of the foreign cotton crop for last year and include such important producing countries as India, Egypt, Chosen, Mexico and Peru. India's production is considerably larger for this season but this increase has been offset by decreases in production in Egypt and Mexico. World production for all countries reporting to date which last year produced 88 per cent of the world's total, is estimated at 19,334,000 bales against 24,557,000 bales for the same countries last year.

WOOL

Prices of wool in the domestic market continue firm although trading has been rather spotty the past month. Foreign primary markets continue to report keen competition with stocks very light. Domestic imports have been much below the usual level, and stocks are at a low point. The rate of activity in spinning mills increased in January over the previous month, while that of the weaving mills declined.

World wool production for the 1927-28 season is still estimated to be somewhat less than last year, or a decrease of about 4 per cent.

Wool prices continued firm with upward tendencies through February. Boston prices of wool continued firm with little change except 48's, 50's and 56's, which at the beginning of March were about 2 cents higher (scoured basis) than at the beginning of February. On March 10th the price of 56's, strictly combing wool, greased basis, of Ohio and similar, at Boston, was about 52 cents, compared with 51-1/2 cents the week ending February 13. Data as to farm prices in March are not yet available. Farm prices as of February 15 averaged 34.4 cents, compared with 33.2 in January and 31.1 in February, 1927. In quoting these prices, it is recognized that farmers are not selling much actual wool at this time of the year but in some states the quotations may represent contract prices for the spring clip. The average price reported from Texas as of February 15 was 38 cents, compared with 35 in January and 31 in February last year. Montana reports an average of 38 cents, compared with 37 cents in January and 33 in February last year.

The tops market showed a gradual strengthening during the month.

Statistics on consumption in January show a recovery from the slackening of the previous month. Total consumption by reporting mills in January was above December and almost equal to January, 1927. Activity in weaving mills, however, showed some decline in January. The average daily consumption of wool (carpet excluded) by reporting mills in January was 1,461,000 pounds, against 1,292,000 pounds for December and 1,510,000 pounds for January, 1927, as computed from figures reported by the Bureau of the Census. The per cent of total hours active on the basis of maximum single-shift capacity for wide looms in January was 62.4, in December 63.3, for narrow looms in January 51.8, in December 57.6, according to the Bureau of the Census.

Imports of combing and clothing wool for January were less than for any January since 1915, with the exception of January, 1922, according to reports from the Department of Commerce. Imports of combing and clothing wool at Boston, Philadelphia and New York for the period February 4 to March 3 were 10,030,000 pounds, as compared with 14,347,000 pounds for the corresponding period last year.

Stocks of foreign combing and clothing wool in bond at Boston on February 27 were 18,117,000 pounds, as compared with 14,937,000 pounds on January 31, 31,651,000 pounds at the same time a year ago, and 49,853,000 on February 28, 1926, according to Department of Commerce reports.

Wool prices in Argentina remained firm during February, according to a cable from Commercial Attache Dye in "Commerce Reports." Stocks

at the Central Produce Markets at Buenos Aires on February 1, 1928, were 3,386,000 pounds, as compared with 6,585,000 pounds on February 1, 1927, according to the "Review of the River Plate." Sydney, Australia, reports that the season's record prices to date for some grades of wool were reached in the sales of March 8, according to a cablegram received from Consul General Lawton. Stocks in store as reported by the National Council of Wool Selling Brokers were 182,000,000 pounds on January 31, or 24 per cent less than a year ago.

The market at Bradford for tops continues firm with the tendency against the buyer, according to a cablegram received March 9 from Consul Thompson at Bradford. Prices of tops 64's were at about the same level as the previous week, but 50's carded were slightly lower. Local unemployment figures as of February 20 indicated improvement in the industry, the total wholly or temporarily unemployed being 7,465 on February 20, as compared with 9,133 on January 23.

At the second series of the London Wool Sales opening March 13 prices were generally above the previous series according to a cablegram received by the Foreign Service of the Bureau of Agricultural Economics from Agricultural Commissioner Foley. As compared with the closing rates of the previous series the finest merinos were about on a par, other merinos 5 per cent higher; fine crossbreds 5 per cent higher; other crossbreds 10 per cent higher; slipes crossbreds 10 to 15 per cent higher and capes all classes were 5 per cent higher.

HOGS

Receipts during February continued to increase, contrary to the usual seasonal change. This bore out the possibility mentioned in our statement two months ago, that heavier receipts might be still to come. For the month, receipts at 67 principal markets averaged 8 per cent more in numbers than during January, and 59 per cent more than during February of last year.

Prices of hogs remained low through the month, with little change in average cost but slight further declines in heavy hogs. The average cost of $8.09 to packers and shippers at Chicago compares with $8.26 for January and $11.73 for February last year, with the average for heavy hogs, at $7.99, falling below the general average. Large receipts of heavy hogs at southwestern markets, where average weights have been running above last year, have depressed heavy hog prices even though weights at Chicago are running much the same as a year ago.

Wholesale prices of pork and pork products showed little change during the month, most fresh cuts having slight declines while cured products except lard and backs were practically unchanged, and those two declined to some extent. This reflects the unusual continuance of heavy supplies, as wholesale prices are usually advancing during February, especially for fresh cuts.

Foreign markets were firmer in February than in January, hog prices at Berlin tending upward and Danish Wiltshire sides at Liverpool holding about unchanged. Hogs averaged $11.68 for the month at Berlin, which is just a trifle more than $2.00 lower than last February.

Export movement seems to have been somewhat stimulated by our low prices, exports of bacon and lard being 13 and 19 per cent more, respectively, during January than for January of last year. This is not so much increase as would usually follow from the much lower prices, however, indicating that export demand is still remaining lower than a year ago.

With foreign demand continuing low, and the indications from the pig surveys that hog supplies will continue above last year, the seasonal advance in hog prices, which usually starts in January and reaches its peak in March or April, is very late this year.

CATTLE

Slaughter cattle prices during February showed a general tendency to decline and the market showed some weakness, compared with the previous month. The better grades of beef steers showed the largest price declines, from 75 cents to $1.50 below the beginning of February.

Compared with the last week of November, 1927, when the average price of choice steers at Chicago reached the highest point since 1920, the average price of choice steers has declined about $2.50 and of good steers, $1.20; on the other hand, the average prices of common and medium beef steers and of all other kinds of cattle have increased. Usually the price spread between the better and lower grades narrows during March, April and May. This narrowing usually results from a decline in the better grades and an advance in the lower. The present situation indicates such a seasonal movement this year.

Receipts of cattle at seven leading markets in February, 1928, were only about 4 per cent smaller than in February, 1927, and 4 per cent below the five year average. Receipts at these seven markets this year, however, are not as dependable indicators of cattle supplies as they usually are. Because of the shortage of cattle supplies east of the Mississippi River, there has been a much greater inter-market movement of cattle from the Missouri River markets to Chicago than usual, with resulting duplication in count; also receipts at the River markets are above last year while at nearly all other markets they are below.

Market supplies and slaughter will probably continue below the corresponding month of 1927 at least until July with total slaughter for the period the smallest since 1922.

LAMBS

In face of supplies at seven leading markets above February last year, and an indicated slaughter the largest for February since 1914, the lamb market continued the advance started toward the end of January. At the high point prices at Chicago were over $3.00 a hundredweight higher than at the low point in January and the February average this year was around $1.50 above February, 1927. With some fluctuations the market held at that level into the second week in March with top lambs at Chicago reaching $16.75. The price spread between light and heavy weight lambs tended to widen and the supply of lambs averaging under 90 pounds was very limited.

Developments in the spring lamb situation tended to favor the lamb feeders. Lack of rain in some sections and unfavorable weather in others, held back the development of the early lambs and promised to delay for several weeks the movement in volume of early lambs. Unfavorable feed conditions during the winter in Texas, also promised to delay the movement of grass fat sheep and yearlings from that State. Instead of a heavy combined movement of fed lambs, spring lambs, and grass sheep in April as seemed probable two months ago, it now seems likely that the marketing of fed lambs will be well over before the heavy movement of the other lambs gets under way.

BUTTER

Receipts at the five principal markets continued to run heavier than last year through the first half of February, and prices declined four cents by the middle of the month. Weekly receipts at five markets in February averaged 2.5 per cent larger than in January, while the average price for February of 46.9 cents as compared with 51.3 cents a year ago, was 5 per cent lower than in January, and 10.5 per cent lower than in December. This is in line with the usual seasonal change.

The higher prices for fresh butter toward the end of the month stimulated consumption of storage butter, with the result that we are approaching the beginning of the new season with storage stocks no greater than usual. On March 1 stocks in storage were but 88 per cent of the average for the last five years. This is the more remarkable in view of the fact that stocks September 1 were the highest on record, and 4.2 per cent above those on September 1, 1924, when butter prices stayed low through the whole winter.

Foreign competition has become less threatening, dry weather in New Zealand and Australia checking the output. Foreign prices advanced throughout the month, effectually stopping imports. By the beginning of March Danish butter at London was selling within five cents of New York, compared with a 10-cent margin at the beginning of February, and 12 cents at the beginning of January.

Butter prices ordinarily advance slightly from February to March, decline somewhat in April and further in May, reaching a low point in June with a monthly average about 15 per cent lower than in March.

After the middle of February receipts were reduced and prices advanced steadily, averaging 48.8 cents for the first week of March, or more than for any week since the middle of January. Such a marked advance is unusual at this time of the year. For the week of February 27 - March 3, receipts were just barely above those of the corresponding week last year. This decline in receipts may indicate that the relatively heavy production up to the middle of February has fallen off, and that for the rest of the winter supplies will more nearly resemble those of last year.

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington, D. C.

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THE PRICE SITUATION, APRIL, 1928

FARM PRICES

The index of farm prices on March 15 at 137 recovered the two point decline of the preceding month and was 12 points higher than on March 15, 1927. Practically all products contributed to this increase in February and March, except eggs, milk, hogs and hay. Livestock prices as a group remained unchanged while grains and cotton increased and dairy and poultry prices were somewhat lower. The farm prices of butter did not make the usual seasonal decline, and the price of chickens failed to make the usual seasonal rise. Since the middle of March prices of grains, livestock and cotton have advanced somewhat, egg prices have remained unchanged and butter prices have declined.

At the wholesale markets the average of farm product prices was slightly lower in March than in February, while food prices were slightly higher. Among the nonagricultural prices, only metals and building material prices showed moderate gains. All wholesale price groups together average 146. 1 for March, compared with 145.9 for February, 1928, and 143.4 for March, 1927, according to the Annalist index. On April 3rd the recent advances in agricultural prices raised the general commodity index to 146.5.

BUSINESS CONDITIONS

The outstanding changes during March in the general business situation occurred in speculative activity rather than in those commercial and industrial activities which affect the buying power of consumers and the demand for farm products. Although the volume of building activity was maintained at a high level in March no material advance took place in manufacturing activity. Neither pig iron nor steel production continued the seasonal advance of the preceding two months. Automobile production, however, increased to around last year's level as is indicated by the further increase in employees in Detroit. A further indication of no material change in the general business situation is that freight car loadings are still approximately as much below last year as they were in February. Retail trade was about 3 per cent higher than in March of a year ago, but this increase is largely in the agricultural areas where trade was slow last year.

The banking situation in March was characterized by a moderate increase in loans for commercial purposes, but a marked increase in loans on stocks and bonds. Interest rates were somewhat higher, the advance being attributed in part to unusually heavy exports of gold. Industrial stock prices advanced sharply during March after the January and February weakness, and the volume of speculation exceeded all records.

WHEAT

The trend of wheat prices has been upward, the average farm price increasing from \$1.16 in February to \$1.21 in March. Market prices continued to rise, the average of all classes and grades in six markets increasing from \$1.35 the week ending March 2nd to \$1.40 for the week ending April 6. The prices of May futures advanced more at Chicago than in foreign markets. Chicago prices closed April 5th 8 cents higher than on March 1, while in the same period Winnipeg advanced 6 cents, Buenos Aires 5 and Liverpool 3. For the first time since August the average price of all classes and grades of wheat is higher than in the corresponding period of last year. The slump occurring in the last half of March in 1926 and 1927 was not repeated this year except for the slight decline about the middle of the month.

Each of the several classes of wheat advanced in price, the greatest advance being made by soft red winter wheat. No. 2 red winter at St. Louis advanced from an average of \$1.61 for the week ending March 2nd to \$1.81 for the week ending April 6, which is the highest since February, 1924. In the same period No. 2 amber durum at Minneapolis advanced 2 cents to an average of \$1.35; No. 1 dark Northern spring rose 6 cents, averaging \$1.51; and No. 2 hard winter at Kansas City advanced 8 cents, averaging \$1.43.

The foreign situation continues favorable for marketing the remainder of the export surplus of hard winter and hard red spring wheat. Prices have increased in Continental Europe. Russia remains out of the export market and the larger Canadian surplus is offset by smaller surpluses in the Southern Hemisphere, in the Balkans and in Russia.

The foreign demand situation with respect to durum remains practically unchanged. North Africa reports a 2 per cent increase in area and the condition of the crop as reported to date indicates the probability of production at least equal to last year.

New crop production prospects are beginning to be an important factor in the market. Low condition in the United States and unfavorable conditions in parts of Europe may offset to a considerable extent increases in the area of fall seedings. The total area seeded as reported to date amounts to a little more than one-half of the world's total wheat crop and is about 4 per cent greater than last year. A large part of this increase, however, is in the United States and much of it may be eliminated by abandonment. The April 1 condition is about as bad as in 1925 when about 20 per cent of the fall seeded area was abandoned. Nine European countries report a total increase of 1.6 per cent over last year but the area seeded in these countries is still less than in 1926. The significance of the reported increase in Russia is subject to modification by condition and abandonment. India may be harvesting a crop slightly larger than last year but the increase, if any, will not be a significant factor in the world's markets.

In view of prospects of the continuation of a strong European demand for wheat, with the available surplus of exporting countries somewhat less than last year, and with abandonment and low condition tending to offset the increase in area seeded for the new crop, conditions appear favorable for marketing the remainder of the 1927 wheat crop.

CORN

The farm price of corn continued to advance to March 15 being 86 cents on that date, compared with 79 cents on February 15, 75 cents on January 15 and 65 cents on March 15, 1927. During the latter half of March the price of No. 3 yellow corn at Chicago advanced from 96 cents on March 13 to $1.02 on March 31. Prices declined somewhat during the first week of April to 99 cents on April 7 and then held firm to April 11.

The smaller number of cattle on feed this spring and the smaller number of sows kept for farrowing indicate that the feeding demand for corn during the spring and early summer months is not likely to be as great as last year, unless the number of fall pigs still to be marketed is greater than a year ago. The present unfavorable feeding ratio between corn and hog prices indicates that the fall pigs may not be fed out to as heavy weights as a year ago.

The new Argentine crop has begun to move, and although exports to date for the new crop have not been large the favorable conditions for the new crop indicate that Argentine corn will begin to be exported in large volume by the latter part of April. A large amount of corn from Argentina has already been contracted for export to Europe. Usually corn exports from the United States fall off as soon as the new Argentine crop is available so that the export market may no longer be an important factor in determining corn prices in the United States.

Demand for corn for commercial purposes continues active and the available supplies of corn are now somewhat smaller than at this time last year. Stocks of corn on farms March 1 were only 90 per cent of a year ago and the larger receipts of both corn and hogs since March 1 indicates that farm stocks have likely been further reduced in comparison with last year. The visible supply of corn on March 31 of nearly 44,000,000 bushels was the third largest on record but was over 3,000,000 less than the record visible supply of April 1, 1927.

The usual seasonal trend of corn prices from March to May is upward. This trend, however, depends somewhat upon the amount of corn required for feed, the supply of corn available and the character of the spring season. Feeding requirements this spring may not be as great as last year, but this is offset by smaller supplies and poorer quality of corn. Should the planting this season be unusually backward

as in 1927, corn prices may advance as usual under such conditions. On the other hand, should conditions prove favorable for early planting, and the area be increased materially, the seasonal rise in corn prices may be less than usual.

FLAXSEED

Flaxseed prices have advanced steadily since November and in March the price of No. 1 flaxseed at Minneapolis averaged \$2.33 compared with \$2.13 in November and \$2.22 in March, 1927. Last year the price of flaxseed averaged the same in March as in November while this year prices advanced 20 cents a bushel. This advance was made in spite of the larger flax production in the United States in 1927 than in 1926 and the larger crop in Argentina this year than last.

The principal factors determining flaxseed prices in the United States during the marketing season are; the production in the United States, Canada, and Argentina, the demand for linseed meal and linseed oil, the exports from Argentina from January to September, the amount of building activity, and crop conditions in Argentina for the next year's crop. As the United States imports a part of the flaxseed crushed each year from Argentina the size of the Argentine crop is an important factor in determining prices in the United States.

Production in Argentina was 81,216,000 bushels compared with 69,091,000 bushels in 1926-27. Stocks of flax in Argentina on January 1, 1928, however, were very low and exports during the first three months of 1928 were unusually large. Should exports continue heavy until September supplies in Argentina at that date are not likely to be much larger than a year ago.

Prices of linseed oil at New York averaged 77.4 cents for March compared with 80 cents in March, 1927. Stocks of linseed oil on December 31, according to the Bureau of the Census, were 194 million gallons compared with 174 million a year earlier. The lower price of linseed oil is more than offset by the higher price of linseed meal. On April 2 the price of linseed meal at Minneapolis was \$52.50 per ton compared with \$47.00 April 2, 1927, and at Buffalo \$56.00 against \$44.50 a year ago. The higher prices of linseed meal are largely accounted for by the higher prices of feed grains and cottonseed meal than prevailed a year ago.

During the first quarter of 1928 building activity was somewhat higher than a year ago with favorable conditions for continued heavy activity. The demand for flaxseed in Europe continues strong.

One of the principal factors in maintaining flax prices this year has been the unusually high price of linseed meal. With concentrate feed prices high, building activity continuing strong, and with exports of flax from Argentina to Europe running somewhat above last year, indications are that the flax market will continue firm during the next few months.

COTTON

The average price for middling spot cotton at ten important spot markets continued to advance during the last three weeks of March and the first week of April. On April 9 the average price at those markets was 19.56 cents compared with 18.21 on March 9 and 17.40 on February 9 and was higher than for any day since November 21, 1927. The monthly average price was 18.76 cents for March, 1928, compared with 17.60 cents for February and 13.74 cents for March, 1927. The price received by producers about March 15 averaged 17.8 cents, compared with 17.0 cents in February and 12.5 cents in March, 1927.

Domestic mill consumption in March continued below last year for the fourth successive month. Domestic consumption during March, according to the Bureau of the Census, was 581,318 bales, compared with 693,081 bales in March, 1927, and 635,896 in March, 1926. The average daily rate in March was 21,530 bales as compared with an average daily rate of 23,421 in February, 1928, and 25,669 bales in March last year.

The domestic stocks of American cotton on April 1 were materially below stocks which prevailed on the same date last year and were somewhat less than on April 1, 1926. Up to April 1 of this season exports were 5.7 million bales and domestic consumption 4.6 million bales which left an available supply in the United States on April 1 of approximately 6.4 million bales. For the corresponding period in 1927 exports were about 8.6 million bales and consumption 4.5 million bales leaving an available domestic supply for the remainder of that season of about 8.2 million bales. Available supplies of American cotton in the United States on April 1, 1926, were about 7.1 million bales.

Exports to Continental Europe and England from August 1, 1927, to March 31, 1928, were 4,337,000 bales according to the Bureau of the Census, compared with 6,440,000 bales for the same period last year. This is not a true indication of European consumption, however, as stocks of American cotton are somewhat smaller than a year ago. Stocks in European ports and afloat were 1,902,000 bales on March 30, 1928, and 2,810,000 bales and 1,461,000 bales at the corresponding date in 1927, and 1926 according to the Commercial and Financial Chronicle.

Developments during February and the early part of March did not materially change the outlook for continuation of operations at a relatively high level in the Continental cotton textile industry, according to Acting Agricultural Commissioner Steere at Berlin. Members of the Japan Spinners' Association have agreed to continue restriction upon production for an additional six months, according to a cablegram from Assistant Commercial Attache Ehlers on March 28.

The Weather Bureau report for the week ending April 10 stated that: "In the eastern Cotton Belt much of the week was favorable for field work, and good progress in planting was reported from the Southeast, but activities were retarded by cool, wet weather near the close.

It was generally unfavorable for planting west of the Mississippi River, with the prevailing cloudy, rainy, and unusually cool weather. As a result, planting made slow progress. The low temperatures and high winds were especially unfavorable in Texas, with planting stopped and progress of the early-seeded poor. Moisture, however, in that State is now ample, except in the extreme West."

According to information received by the Bureau of Entomology, a sufficient number of weevils have survived to cause considerable loss if weather conditions during the summer are favorable to reproduction.

WOOL

Wool prices to producers have advanced and the situation in the world's wool markets continues strong with little change from that prevailing last month. Prices received by producers in the Far Western States about March 15 were five cents above March last year. Prices of wool at Boston showed little change during March, quotations for the week ending March 30 being about equal to those for the week ending February 25 with the exception of 56's (3/8 blood) clothing and 46's (low 1/4 blood) strictly combing which were slightly higher. Prices of wool tops and yarn also showed advances in March.

Wool prices at London and at primary markets in Australia and New Zealand have gradually risen and clearances have been rapid. The second series of the London Sales closed March 29 with prices steady and generally 5 to 10 per cent higher for most grades. The quantity available at the opening of the second series was about 75 per cent and 73 per cent respectively of the quantity offered at the same series in 1927 and 1926. The difference between domestic prices and London prices continues to be less than average. For example, the excess of Boston over London on 56's for March was 21.4 cents compared with the five year average of 27.5 cents.

United States imports of combing and clothing wool for January, February and March which are usually the heaviest months, have been very small compared with previous years. Imports in February for combing and clothing wool were only 11,434,000 pounds and less than for any February since 1913, while for February, 1927, imports were 21,032,000 pounds. The peak of imports is usually reached the first quarter of the year. Imports of combing and clothing wool at the three principal markets, Boston, Philadelphia and New York, from January 1 to March 31 this year were only 36,239,000 pounds compared with 54,548,000 pounds and 86,523,000 pounds for the same periods in 1927 and 1926, respectively.

Stocks of combing and clothing wool in bond at Boston on March 31 were 26,102,000 pounds against 37,990,000 pounds on March 31, 1927, and 49,855,000 pounds on March 31, 1926.

Consumption of combing and clothing wool by reporting mills in February was somewhat higher than for February 1927 and above January after adjusting for the number of working days. The average daily consumption was 1,650,000 pounds for February, 1928, 1,639,000 for February, 1927, and 1,461,000 for January, 1928.

Activity in the weaving industry, based on the number of hours active, was somewhat less in February than in the previous month and in February, 1927.

Late reports continue to indicate a world clip for 1927 somewhat less than for 1926. The revised estimate of the 1927 production of fleece and pulled wool in the United States was 328,137,000 pounds, compared with 310,576,000 pounds in 1926.

The favorable factors in the present domestic wool market situation are the smaller clip in 1927 than in 1926, the continued strength of foreign markets, small imports of wool into the United States, greater consumption, and low stocks of foreign wool. Other factors which must be considered are the general business conditions and the prospects for the 1928 world clip.

HOGS

Receipts of hogs continued abnormally large in March, the total receipts at all markets being the third largest on record for the month. The February slaughter was the largest on record for February and the second time on record that February slaughter was the highest for any winter month. The indicated slaughter for March, combined with the slaughter for February, was 42 per cent of the indicated slaughter from November through March, while on the average of the past nine years the corresponding figure was only 35 per cent. Hog prices remained practically unchanged at low levels through the month, heavy hogs at Chicago averaging $7.99, exactly the same as the month before. The first week in April showed a reduction in receipts to only 8 per cent above last year, and prices turned up, advancing over 50 cents by April 11.

While prices of cured products were unchanged in March, lard advanced slightly, and loins advanced over a dollar. Other fresh cuts, however, showed only relatively slight changes either up or down.

In the foreign field, German markets continued weak, lard being unsettled and hogs trending lower. English markets, on the contrary, showed some strengthening, Wiltshire sides at Liverpool advancing nearly two dollars during the month. Exports from this country increased markedly during February, lard exports in particular being larger than in any month for three years. Taking into account the low prices at which hogs and hog products were selling, however, exports were not so heavy, the index of export demand standing at 102, compared to 93 for February a year ago and 70 for August, 1927, when it was at the lowest point for several years.

Storage holdings of pork on April 1 were the second largest on record, and of lard were the largest on record. The holdings of lard were 72 million pounds larger than a year earlier, and of pork were 259 million pounds heavier. This is equivalent to adding products from

about two million hogs, or nearly 10 per cent, to the supply available for consumption during the rest of the crop season.

The very unusual distribution of hogs this winter as above indicated, makes it difficult to appraise the hog situation. If the pig survey indications of December as to an 11 per cent increase in the fall pig crop are borne out, the slaughter during the remainder of the crop year to October 31 may be somewhat larger than in the corresponding period of last season. The relationship of winter slaughter to total crop year slaughter in other years when conditions were similar to this year point to slaughter during the balance of this crop year no larger, if as large as last year. In either case it does not seem likely that supplies will continue so much above last year as they have been during the past three months.

LAMBS

The lamb market continued to advance during the first three weeks of March, and the prices of aged lambs at Chicago reached $17.65, the second highest price for the month since 1920. Prices receded somewhat from this high point during the next two weeks as a result of increased receipts and a weak dressed lamb market, with the top around $17.00. By the second week in April, however, most of this decline had been regained.

Receipts of sheep and lambs at seven leading markets were about 2 per cent smaller in March, 1928, than in March, 1927. Supplies at all markets east of the Mississippi River were much below last year and the smallest for the month in recent years. Supplies at Missouri River markets and Denver were much larger than last year. The proportion of spring lambs in the March receipts was smaller than in March last year and conditions the first of April indicated smaller supplies of spring lambs from early lambing sections, and of grass sheep from Texas than in April last year. Supplies of lambs on feed in Colorado and Western Nebraska about April 1 were considerably larger than a year ago, but in all other sections they were materially smaller. Shipments of feeding and shearing lambs from markets into leading Corn Belt feeding States during the first three months of 1928 were nearly one-third smaller than in 1927, and the smallest for these months in five years.

While combined supplies of fed and spring lambs in April will be moderate and below last year, a heavy movement of early lambs from all areas of sheep from Texas is in prospect by the middle of May and into June.

CATTLE

The cattle market during March was characterized by the usual seasonal decline in prices on the better grades of beef steers, especially marked on cattle weighing above 1200 pounds. Prices were fairly steady

on lower grades of steers and most other kinds of cattle. Choice steers at Chicago at the end of the month were from $1.00 to $1.50 lower than at the beginning, with the top under $15.00, but there was little change in the prices of common and medium steers, cows and heifers. The demand for beef for sausage and similar products carried the prices of low grade cows and bulls to levels but little below those reached during the war. The spread between the average prices of common and choice steers at the end of March was less than $4.00 compared with over $7.00 early in January and $4.00 a year ago. Further curtailment of supplies during the first week of April resulted in a recovery in the prices of better grade steers equal to about half the decline.

Cattle receipts at seven leading markets in March were 18 per cent less than in March 1927 and the smallest for the month in twelve years and the fifth smallest for all months in twelve years. Supplies of choice and good steers at Chicago were only about 55 per cent as large in March this year as last and supplies of all slaughter steers were only 73 per cent as large.

Cattle supplies are expected to continue small compared both to last year and recent years. The number of cattle on feed April 1 in the Corn Belt States was estimated as 4 per cent smaller than on April 1, 1927. The largest decreases in feeding are in the eastern Corn Belt and Iowa with substantial increases in Nebraska and Kansas. For the rest of 1928 the biggest decreases in cattle supplies will probably be in grass cattle, especially cows and heifers, from both the Corn Belt States and the range States. The supply situation points to a continuing high level of cattle prices with a seasonal advance on finished cattle the second half of the year.

BUTTER

Receipts of butter in the 5 principal markets during March increased slightly week by week, ending the month with receipts somewhat heavier than a year earlier. Prices at New York gradually eased off from an average of 50.6 cents for the first week of the month to 49.5 for the third, then broke sharply to 48 cents by the end of the month, and continued to decline to 45 cents on April 11. For the month as a whole prices at New York averaged 49.5 cents, compared to 50.2 cents for March a year ago, when receipts at the 5 markets were about 2 per cent lower. The advance in prices of butter at primary markets from February to March was somewhat more than is usual, and may have been partly due to the firm foreign situation which effectually prevented further imports.

Foreign markets have been unusually firm partly due to the effects of continued drought in Australia. Foreign developments normally have but slight effect upon the domestic market from this time on; not until the deficit period in the fall are they likely to again become a significant feature in the market situation.

The break in American prices the last week in March, which continued through the first week in April, apparently marks the beginning of the usual spring decline. In past years the average monthly price has de-

clined, on the average, about 2 cents from March to April, then dropped about 4 cents further from April to May, with June showing a slight further decline. The price at which the new season starts off in May and June is largely dependent upon weather conditions and the resulting flow of milk. Pasture conditions were unusually favorable last summer, following a late wet spring. Weather conditions so far this spring indicate that those unusually favorable pasture conditions are not likely to be repeated.

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington, D. C.

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THE PRICE SITUATION, MAY, 1928

FARM PRICES

Another general advance in prices received by producers has raised the index of farm prices from 137 on March 15 to 140 on April 15, compared with 125 in April 1927. Wheat prices advanced largely as a result of the prospects of a large abandonment and poor condition of the remaining winter wheat plants. Oats continued the seasonal advance typical for short supplies and unfavorable new crop conditions and corn prices advanced to new high levels. A falling off in receipts of both hogs and cattle was accompanied by a rise in hog prices but a decline in cattle prices, and lamb prices advanced to the highest levels for April since 1920 in spite of a considerable increase in receipts over a year ago because of higher wool and pelt values. Poultry product prices remained practically unchanged, and butter prices failed to make the usual seasonal decline because of low receipts although market prices declined. Since April 15 prices of most farm products have continued on a higher level, the outstanding exceptions being potatoes and cattle.

THE GENERAL PRICE LEVEL

Prices at the wholesale markets have advanced during April to a level considerably above that of a year ago. This advance, however, has not been a significant factor in the rise of farm prices, as the rise in the commodity price level is due almost wholly to the advance in farm product prices, particularly grains, cotton, and hogs. On May 1 the weekly index of the Annalist averaged 152.0 (1913 = 100) compared with 146.5 on April 3 and 141.2 on May 1, 1927, while farm product prices averaged 162.0 on May 1, 148.5 on April 3, and 134.5 a year ago. During the last week of April prices of building materials and textile products also advanced somewhat.

BUSINESS CONDITIONS

According to adjusted indexes of the Federal Reserve Bank of New York production in the two basic industries iron and steel, and in building activity showed seasonal advances, the advance in pig iron production being slight, and below the level of last year, the advance in steel ingot production and in automobile output being considerably more than seasonal and to above the level of a year ago. Unfilled orders have decreased materially, and suggest that the recent advances may not continue. The value of building contracts awarded according to reports of F. W. Dodge Corporation also advanced exceeding last year's value by about 40 million dollars or 7%, this gain being largely on industrial construction. Although this greater activity in basic industries in April as compared with March may be expected to be reflected in the volume of industrial employment and wage earning, it is probable that they are still less than a year ago. This lower buying power may be a factor in the smaller volume of retail and wholesale trade in April compared with that of a year ago. Retail trade in April averaged about 8% less than in April 1927, most of this reduction

being due however to a smaller number of trading days. Mail order sales showed a gain over the preceding month but was about 2% below last year's level, according to indexes of the Federal Reserve Bank of New York.

Rediscount rates during April were advanced to 4½% by five Federal Reserve Banks, but the firmer money situation was accompanied by a seasonal increase of only one per cent in loans for commercial purposes and 2% in loans on stocks and bonds (from April 4 to May 2) compared with a year ago. Commercial loans on May 2 were around 3% greater, while loans for speculative purpose were around 15% greater. Industrial stock prices as shown by the Annalist reached another record peak during the second week of April, receded somewhat during the third week, and by the second week in May had more than recovered from this minor recession.

According to the Harvard Economic Society, the recent rise in Commodity prices may be temporary; should higher interest rates check the advance in stock prices easier money conditions should follow; no great changes in business activity are now in prospect.

WHEAT

Wheat prices continued upward in April. The average farm price increased from 122 cents in March to 129 as of the 15th of April. Market prices continued to rise through April and the first week of May, the average of all classes and grades in six markets increasing from 140 cents per bushel in the week ending April 6th to 162 the week ending May 4th. This is the highest level reached since January 1926. The prices of May futures reached the high point for the season to date on April 30th. July futures also reached the high point, closing at 169 Chicago on that date.

From April 30 to May 12 there was a downward tendency with marked fluctuations in wheat prices. Notwithstanding the high percentage of abandonment and low condition as of May 1, the official report was followed by a decline in price, the closing price of July futures in Chicago dropping from 161 May 8th to 153 cents per bushel May 10th.

Prices of all classes of wheat have advanced but the greatest advance has been made in the price of soft red winter wheat and the least in the price of durum. The average weekly price of No. 2 red winter at St. Louis advanced from 181 cents the first week in April to 220 the first week in May, while the price of No. 2 amber durum at Minneapolis rose from 135 to 148. Prices of No. 2 red winter declined somewhat during the second week in May, averaging 204 cents at St. Louis due in part to increased receipts of soft winter wheat in the northwestern States. Prices of dark northern spring and hard winter were also affected materially by the rise, No. 2 hard winter advancing 26 cents and No. 1 dark northern spring 23 cents in this same period.

Prices in foreign markets have increased though not quite so much as in the United States. The closing price of May futures at Liverpool

advanced from 153 April 5th to 160 May 3rd. Similar advances were made in Buenos Aires and Winnipeg. The Berlin office reports that the European demand is likely to remain good for the remainder of the season. Rye stocks are small and domestic supplies in central Europe are being rapidly exhausted. Central European countries are turning to the use of overseas supplies a little earlier this season than last. Italy and France will also probably be heavy purchasers until their new crops become available.

The supplies in exporting countries available to meet the requirements of importing countries are a little less than at this time last year. Shipments from Canada have been delayed and stocks have accumulated there, but the excess in Canada is more than offset by the reduction in surplus supplies in Australia, Argentina, Russia and the Balkan countries.

New crop production prospects are now an important factor in the market. Reports to date indicate that abandonment in the United States, Canada, and certain European countries will probably offset the increase in winter wheat seedings in the Northern Hemisphere. Present conditions indicate a smaller crop in the United States and possibly a smaller crop in Europe. India appears to be harvesting a crop about the same as last year and the North African crop may be a little larger. The next important consideration is the Canadian spring wheat crop. Climatic conditions appear to be favorable for some increase in the Canadian wheat area. Notwithstanding a late spring, it is reported that seeding has made about normal progress. Summarizing available reports, prospects at the present time for the 1928 wheat crop in the Northern Hemisphere appear to be not quite so good as last year.

The most significant feature of the outlook in the United States is a prospect for another very small soft red winter wheat crop. May 1 conditions indicate a crop of around 100 to 125 million bushels compared with about 180 million bushels produced in 1927 and about 230 millions in 1926. According to present indications the hard red winter wheat crop, on the other hand, may be as large as last year.

Soft red winter wheat prices will probably continue above the prices of other classes of wheat. The general level of wheat prices in the United States during the next month will be greatly influenced by reports of spring wheat seedings in the United States and Canada, and conditions of the winter wheat crops of the Northern Hemisphere.

CORN

Corn prices continued to advance during April and the first week of May. The farm price of corn on April 15 was 91.9 cents, compared with 86.2 on March 15 and 65.6 on April 15, 1927. The price of No. 3 Yellow cash corn at Chicago advanced from 99 cents on April 10 to 113 cents on May 1 and averaged 106 cents for April compared with 99 cents for March and 71 cents for April, 1927. During the first week of May weather conditions were more favorable for corn planting and prices reacted slightly being only 109 on May 10.

The unusually heavy abandonment of winter wheat in the principal corn belt states may result in some increase in corn acreage unless weather conditions restrict planting. The abandonment in Illinois was 67 per cent, Ohio 66 per cent, Indiana 65 per cent and Missouri 32 per cent. The early oats in parts of the corn belt were also damaged by frost and show which may also contribute toward increasing the corn acreage.

Conditions during the first two weeks of May were favorable for corn planting and unofficial reports indicate that planting to date is about as far advanced as usual at this time of the season.

Corn prices during the next few months will be affected somewhat by the condition of the new crop and the feed demand for corn. The smaller stocks of corn on farms March 1 this year together with the larger receipts of both corn and hogs during March and April indicate that farm stocks of corn are now probably from 150 to 200 million bushels below last season. This together with the unusually small supplies of corn in the eastern part of the corn belt, the short oats supplies and the higher level of foreign prices are favorable factors in maintaining the present level of prices until the 1928 oats and barley crops are available for feeding.

Should the favorable weather of the first two weeks of May continue so that corn planting will not be restricted and favorable conditions for the new crop prevail, the present level of corn prices may not continue into the beginning of the marketing season for the 1928 crop.

COTTON

Cotton prices continued to advance during April largely due to the unfavorable weather prevailing in the cotton belt. The farm price of cotton on April 15 was 18.7 cents compared with 17.8 on March 15 and 12.3 on April 15 a year ago. The average price of middling spot cotton at ten important spot markets advanced from 19.07 cents on April 3 to 21.09 cents on April 30 and averaged 19.77 cents for April compared with 18.76 for March and 14.08 for April 1927. Prices declined slightly the first week in May due to more favorable weather in the cotton belt, but averaged 20.81 cents at the ten important spot markets on May 9th.

According to reports of the United States Weather Bureau the cool wet weather of the last half of April was very detrimental to cotton already planted, making necessary considerable replanting and delayed new planting. The weekly Weather Bureau report of May 8 states that "while the first week in May as a whole in the cotton belt was rather too cool for best germination and growth, weather conditions showed improvement. In Texas, less rain in the northeast and additional moisture in parts of the south and west make somewhat more favorable conditions, but growth is still slow because of cool nights and stands are generally poor to only fair".

According to the Bureau of the Census domestic mill consumption in April continued below last year for the fifth successive month, while cotton prices have advanced steadily since early February. Domestic consumption during April, according to the Bureau of the Census, was 525,158 bales, compared with 581,318 bales in April 1927 and 618,279 in April 1926. The average daily rate in April was 21,290 bales as compared with an average daily rate of 21,530 in March 1928 and 25,065 bales in April last year.

The domestic stocks of American cotton on May 1 were materially below stocks which prevailed on the same date last year and on May 1, 1926. Up to May 1 of this season exports were 6.2 million bales and domestic consumption 5.0 million bales which left an available supply in the United States on May 1 of approximately 5.2 million bales. For the corresponding period in 1927 exports were about 9.5 million bales and consumption 5.1 million bales, leaving an available domestic supply for the remainder of that season of about 6.6 million bales. Available supplies of American cotton in the United States on May 1, 1926, were about 6.6 million bales.

Conditions in the textile industry of the United States appear to have improved during April. According to the joint report of the Cotton Textile Merchants of New York and the Cotton Textile Institute sales totaled 117.2 per cent of production during the first four weeks of April, compared with 97.7 per cent for March and 106.3 per cent for April a year ago. Unfilled orders during the same period increased 21.9 per cent while the stocks of goods on hand increased only 3.4 per cent. The mills reporting are believed to represent over 60% of the industry and are located chiefly in the south.

Conditions in the cotton textile industry in Great Britain have not changed materially during the past month, according to reports received in the Foreign Service of the Bureau of Agricultural Economics. Developments during April in the Continental cotton textile situation have not altered the outlook that raw cotton consumption over most of the Continent will continue on a relatively high level during the next few months, according to reports from Acting Agricultural Commissioner Steere at Berlin. The slightly declining tendency of spinning and weaving mill activity, which has been evident in Central Europe for several months, has continued through April, but production is still on a high level and new business being booked is nearly sufficient to enable maintenance of current production levels in the majority of plants.

WOOL

Prices of domestic wool at Boston showed some advance for most grades during the past month, with a few grades remaining firm. The average price received by producers in the western States was 33.3 cents on April 15 as compared with 34.1 on March 15 and 28.8 cents on April 15, 1927. Texas producers prices averaged 38 cents on April 15, 1928, and 32 cents on April 15, 1927. Prices at the third series of the London sales which opened on May 8 showed a decline of about 5 per cent for most grades from the closing rates of the two previous series.

Domestic imports continue light with stocks much below the usual amount for this time of the year. Domestic consumption slackened somewhat in March which is in line with the usual seasonal movement. Stocks held by reporting dealers and manufacturers (carpet wool excluded) were 217,080,000 pounds on March 31, as compared with 242,605,000 pounds on March 31, 1927 and 268,113,000 pounds on March 31, 1926. The decline is due almost entirely to the decrease in stocks of foreign wool held by dealers.

Prices of some grades of yarn at Bradford have declined and the weakness of the values at London together with uncertainty has checked activity on the Bradford market according to a cablegram received May 11 from Consul Thompson. This weakness in foreign markets may be only temporary and may not be reflected in the markets of the United States, since the supplies of foreign wool in the United States are very small.

The selling season in the primary markets of the Southern Hemisphere closed with stocks low and prices about the peak of the season.

HOGS

The long-continued low level of hog prices came to an end in April, when for the first time this year the volume of receipts was not greatly in excess of a year ago. The sudden increase in prices of hogs and fresh cuts, however, was not reflected in the prices of cured products, and it yet remains to be seen if the higher hog prices can be maintained this summer in the face of the large volume of products in storage to be disposed of.

Market receipts during April in 12 important markets were somewhat larger than during last April but were only a little over two-thirds of the receipts during March. At the same time average weights fell below last year at all markets, indicating that the unfavorable feeding ratio was at last beginning to affect the weights to which the hogs were being fattened. Hog prices advanced through the month, heavy hogs at Chicago averaging $9.94 for the last week of April, as compared to exactly two dollars less for the last week of March. All grades and classes shared in the advance, light hogs showing the maximum increase, $2.10. During the last week of April supplies increased somewhat, and in the first week of May prices were somewhat weaker, heavy hogs on May 8 selling at about $9.80.

All important fresh cuts of pork except hams advanced sharply during April, and by the end of the month many of them were selling near to or above prices of a year before. Cured products, on the contrary, showed no advances during the month, and bacon declined a dollar further.

Exports in March continued in good volume, lard in particular being more than 50 per cent heavier than last year. The index of export demand for March was 106 compared to 102 for February.

While the increased pig crop of last fall, as reported in the fall pig survey, might be taken to indicate heavier marketings this summer, the unusually heavy receipts prior to April and the unfavorable feeding situation make it seem likely that the summer and fall movement as a whole may be about the same size as last year.

In noting the sharp upward movement of prices in April it should be observed that the usual seasonal course is to decline to a low point in June or July and then advance to a peak in September or October. The low point this season, however, is not likely to be so low as the prices of last winter. Should the spring pig survey show a marked reduction in the spring pig crop, as is not unlikely, that would tend to strengthen prices through the late summer and fall.

LAMBS

Lamb prices continued to advance during April and as the month closed both fed lambs and spring lambs reached the highest level for the month since 1920. The top on fed, wooled lambs at Chicago reached $18.50 and on load lots of California spring lambs $19.50 with odd lots of native spring lambs up to $20.00. During the first week in May prices declined somewhat from this peak.

The advance during the month averaged about $1.25 on all kinds of lambs and April prices this year were over $1.00 higher than in April 1927. The higher prices this year took place in the face of larger market receipts than last year, and were due largely to the increased value of pelts. Receipts at 7 leading markets were 11 per cent above April last year, due only in small part to the extra Monday this year. For 4 similar calendar weeks the receipts this year were 10 per cent larger. Wholesale prices of lamb carcasses were lower than in April 1927.

During May a liberal supply of California spring lambs is expected, but supplies from other early lambing areas will probably be below last year, and the quality of the spring lambs is expected to be poorer than last year and average weights smaller. Drought conditions in Texas have delayed the movement of grass sheep from that State. If feed conditions improve during May, a heavy movement from there during the latter part of May and June is expected. A heavy movement of spring lambs from all areas in June is still in prospect, but poor feed conditions up to May 1 may delay the movement somewhat.

CATTLE

Cattle prices during April were generally steady on most kinds and classes, and fluctuations from day to day and week to week were small. Choice heavy steers were an exception and the prices of these, following the usual seasonal tendency, declined somewhat during the month and reached the lowest level since last August. This had the effect of further narrowing the spread between choice and common steers at Chicago, this spread in April being $3.69 compared to $8.49 in November, last, when it was the widest in recent years.

Receipts at 7 leading markets in April were about 1 per cent larger than in April, 1927, but 10 per cent below the 5-year average for April. The increase over April last year was largely due, however, to the fact that April this year had 5 Mondays against 4 last year. The receipts during 4 calendar weeks in April this year were about 8 per cent smaller than for 4 similar weeks in April last year. During the first two-thirds of April this year the receipts were considerably below April last year, but during the last third of the month they were larger. For the past 7 or 8 months cattle slaughter has run about 10 per cent below the previous year and prices have been nearly 30 per cent higher. It is hardly to be expected, however, that a 10 per cent reduction in slaughter during the balance of this year will result in prices 25 to 30 per cent above the corresponding later periods of last year, when prices reached much higher levels than during the first part of this year. Last year prices of all kinds of cattle advanced almost continuously throughout the year, with seasonal declines on different kinds largely eliminated by this advance. This year average prices have advanced but little and the usual seasonal decline on better grade cattle has occurred.

Because of the late spring in nnearly all sections and the poor feed conditions in South Texas, due to drought, the receipts in volume of grass cattle will probably be delayed several weeks. As a result, the seasonal decline in lower grade cattle and the seasonal advance on grain finished cattle may come later than usual. There is some evidence that advancing corn prices and uncertainty as to the future of finished cattle prices is causing a disporportionally heavy marketing of feed lot cattle at this time and that this will continue for some weeks.

BUTTER

Receipts of butter at five markets during April were slightly smaller than in March, and were nearly 10 per cent below April of 1927. This indicates a continuation of the tendency to reduced creamery butter production shown during March, which was reported as 2.7 per cent below March of last year.

Butter prices were quite steady through April after a severe slump in the first week which carried them nearly five cents below the prices for the corresponding week of last year. For the month as a whole 92 score at New York averaged 45.5 cents, which is four cents lower than for March and nearly five cents lower than for April of last year.

The lower prices of this April seem out of line with the relatively low receipts, the firm situation in foreign markets, and the prices which prevailed in April of last year. Last year, however, April prices were unusually high, and were followed by sharp decreases in May and June, the June prices averaging eight cents below the April price, as compared to an average decline of about five cents in the same period during recent years.

The level of prices for the new season which is now starting turns largely upon the supplies during the pasture season. As compared to the situation a year ago, storage stocks are cleaned up practically as well

as last spring. The spring has been rather late but, contrary to last year, has not been favorable to pastures, which are reported as in poor condition throughout the country, except the Pacific Coast. The average condition of pasturage in the leading butter states on May 1 was 66, as compared with 86 last year. The fluid milk market is in firmer condition than a year ago. Business conditions and wage payments are lower than a year ago, though business activity seems to have been on the upgrade from the low point reached during the winter. Prices of grains and other concentrates are higher than a year ago, though hay prices are lower.

So far as it is possible to judge of probable developments this early in the dairy season, it seems quite possible that butter supplies may be relatively lighter in the early part of this season than last, and that demand may possibly also be lower. Should pasture conditions continue less favorable than last year the season may start off in June and July at a somewhat higher level of prices than prevailed a year earlier.

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THE PRICE SITUATION, JUNE, 1928

FARM PRICES

Farm prices on May 15 were considerably higher than on April 15 and a year ago, as a result of advances in most products. The index for May 15 averaged 148 compared with 140 a month earlier and 126 a year ago. The chief exceptions to the general advance in farm prices were potatoes and butter, the latter making a seasonal decline of about one cent. At 148 the index of farm prices was only about 4 points below that of August 1925, the highest level reached since the postwar price depression. As indicated by price changes since the middle of May, the index is not likely to remain at that high level, for grain, cotton and livestock prices have weakened since then.

THE GENERAL COMMODITY PRICE LEVEL

At the wholesale markets the average of commodity prices was higher in May than in April. According to the Annalist Weekly Index (1913=100) the average for May was 152, for April 148 and May, 1927, 141. This advance of 11 points during the past year is due almost entirely to farm and food products and textiles, farm products having advanced from 135 for May, 1927, to 158 for May, 1928, and textile prices from 144 to 155. Nonagricultural prices made no such advances, while building material prices declined from 162 to 155. Since the first week of May farm, food and textile prices caused a decline from the peak reached on May 8, at 152.5 to 149.4 on June 5.

BUSINESS ACTIVITY

Business activity during May was marked by the expected seasonal declines in the basic industries, iron, steel, and, and textiles, a slight increase in automobile production and by a record volume of building contracts awarded. Pig iron output per day declined slightly in May and was 3 per cent below May, 1927. Steel output per day declined considerably but remained somewhat above that of a year ago. Building contracts awarded, as reported by the F. W. Dodge Company, amounted to 21 per cent above a year ago, and was the highest month on record, the increase in May being largely in industrial and commercial buildings. The distribution of goods continued in large volume. Total car loadings by the last week in May nearly equaled the comparable 1927 volume, while miscellaneous merchandise and l.c.l. loadings slightly exceeded the comparable 1927 volume. The average daily sales of mail order houses and of five and ten cent stores was considerably above that of May, 1927, and of department store sales about the same as a year ago. The volume of industrial employment and payrolls, as indicated by the downward seasonal tendency in basic industries, was below that for April and still below that of a year ago. In April the volume of employment, as measured by the Federal Reserve Board

indexes, was 89 compared with 93 in April, 1927, and the volume of wage payments 103 compared with 109. The unusually large volume of building activity and employment in the building trades is probably an offsetting factor to the lower volume of manufacturing employment.

Bank loans for commercial purposes declined somewhat during May reflecting undoubtedly the seasonal slackening in industrial activity. Loans in stocks and bonds remained practically unchanged during the month while bank investments increased slightly. Compared with loans a year ago, loans for commercial purposes were 4 per cent greater and for stocks and bonds 15 per cent greater. Interest rates have continued to advance. The rediscount rates of all Federal Reserve Banks now being $4\frac{1}{2}$ per cent and higher than similar rates since 1924. The higher rates now prevailing were caused, according to the Federal Reserve Bank of New York, by gold exports and by the sales of government securities by the Federal Reserve Banks, both factors operating to reduce bank reserves. The recent sales of securities and the consequent rise in interest rates are generally taken as a Federal Reserve Board warning against the unusual volume of stock speculation. Industrial stock prices reached record peaks during May but have tended downward during the first two weeks of June.

WHEAT

Wheat prices declined in May after reaching the high point of the season at the end of April. The rise in the average farm price from 129 cents per bushel in April to 144 cents in May does not reflect the market change because of the fact that these farm prices apply to sales about the middle or earlier in the month. The average price of all classes and grades at six markets rose from 143 cents per bushel the week ending April 13 to 162 the first week in May. In the next two weeks the average dropped 15 cents, to 147 per bushel. Most of this drop occurred between the 11th and 18th of May. The farm price reports registered the April price just as the rise was beginning and the May price on the decline. Market prices steadied after May 18th, rising a little and then turning downward, but holding near to the level reached at the end of the marked decline.

In this connection it may be of interest to check up on what might have been the forecast of the May price of wheat as it could have been calculated last December. The estimated average price of No. 1 spring wheat for May, based upon Southern and Northern Hemisphere productions, the change of price between last April and September, the average September price, and the general price level, is 158 cents per bushel. The actual average price of No. 1 Northern spring wheat at Minneapolis, weighted by reported cash sales, was 157.

The prices of each of the classes of wheat fell in May, the greatest decline being made by soft red winter and the smallest by durum. The weekly price of No. 2 red winter wheat at St. Louis fell from an average of 220 for the week ending May 4 to an average of 179 for the week ending May 18, a drop of 41 cents. In the same period durum fell only 12 cents, from 148 to 136. No. 2 red winter, however, at the end of the month was still 32 cents above the average for the corresponding week of last year, whereas No. 2 amber durum at Minneapolis was 25 cents below. This

illustrates the possibilities of great variation in wheat prices by classes owing to their different positions. The durum prices were lifted to a certain extent by the general rise in the wheat price level, but continued at a relatively low level owing to the fact that there is a relatively large surplus of durum for export and there is strong competition against this wheat in foreign markets. On the other hand, a supply of soft red winter wheat insufficient for the usual domestic requirements commands a relatively high price as compared with all other wheats.

The weekly average price of hard red winter declined 18 cents between May 4 and May 18, and hard red spring wheat declined 14 cents. The weekly average price of No. 2 hard red winter at Kansas City at the end of the month was still 6 cents above the average of the corresponding months last year, and No. 1 dark northern spring wheat at Minneapolis was on a level with last year.

Prices in foreign markets have also declined, but, having risen less than prices in the United States, they have also fallen less. The closing price of July futures in Buenos Aires at the end of the first week in June was 137, as compared with 142 at the end of the first week in May; in Liverpool 152 as compared with 164; and at Winnipeg 142 as compared with 155. Chicago futures closed at 142 as compared with 158.

The supplies remaining in exporting countries available to meet the requirements of importing countries for the remainder of this season are about the same as at this time last year. Canadian stocks are considerably larger but the increase in Canada is largely offset by reductions in the available supplies in Australia and Argentina. Conditions in several European countries indicate a minimum of domestic supplies. It appears, therefore, that the world's carryover of wheat at the end of our marketing season, June 30th, is likely to be about the same as last year.

Foreign demand will probably continue fairly strong for old wheat during the next month. The strength of the foreign market through the next two months will be affected by harvest conditions. The prospect of an early harvest might tend to weaken demand, or a late harvest strengthen it.

The 1928 harvest prospects are becoming an important factor in the situation but it is too early to give a very definite estimate of probable production. Conditions in seven producing countries, including India, Spain, France and the United States indicate a production of about 1,223,000,000 against 1,358,000,000 bushels last year. Present prospects are that the Italian crop will be larger than last year but the reports of improvement in Italy are offset by indications of poor crops in other countries such as Germany and Poland. It now seems probable that the winter wheat crop in the Northern Hemisphere will be smaller than last year, but this may be offset in part at least by increased seedings of spring wheat in the Northern Hemisphere and winter seedings in the Southern Hemisphere. Private reports indicate increases in acreage in Canada and in Australia.

Conditions in Canada at present also appear to be favorable for a good spring wheat crop, but conditions must continue favorable in Canada to result in a crop as large as last year. The prospect for increased acreage of spring wheat in Canada is offset to some extent by present prospects of a poor crop of spring wheat in the United States.

The present outlook in the United States is for a larger hard red winter wheat crop but smaller soft red and spring wheat crops. The June report indicates a soft red winter wheat crop of only about 120 million bushels, compared with about 180 million bushels last year. The same report indicates a production of about 330 million bushels of hard red winter wheat, compared with 318 millions last year and 360 millions in 1926.

The course of prices during the next few months will be determined as usual largely by crop prospects. Producers will probably continue to receive a premium for good soft red winter wheat over prices of other classes of wheat on account of its relative scarcity. The prospects now are that our markets for hard red winter wheat will be upon an export basis with prices determined very largely by the price level in foreign markets. Producers who have old spring wheat are facing an interesting situation. Should the growing season continue unfavorable so that production would be less than the usual domestic requirements, that wheat might shift from an export to an import basis.

CORN

Corn prices declined slightly during May, the price of No. 3 yellow corn at Chicago declining from 113 cents on May 1 to 103.5 cents on May 31. The farm price of corn on May 15, however, was 102.5 cents, compared with 91.9 cents on April 15 and 73 cents on May 15 a year ago. The price of No. 3 yellow corn at Chicago made slightly less than the usual seasonal advance from April to May, averaging 108 cents for May and 106 cents for April. During the first week of June prices remained fairly steady, ranging from 103.5 cents to 107 cents.

The demand for corn continued active during May and commercial stocks at 39 important markets declined from 35,873,000 bushels on April 28 to 27,535,000 bushels on June 2, compared with a decrease last year from 39,050,000 bushels to 31,632,000 bushels during the same period. The decrease in commercial stocks during May was about 1,000,000 bushels greater than last year in spite of the larger country marketings during the latter half of May.

Weather conditions for planting the new crop in nearly all parts of the country were more favorable than a year ago and planting was practically completed by the first of June. According to the report of the Weather Bureau on June 5 the growth of corn during the first week in June was rather slow over most of the country because of cool weather. The crop is generally up to a good stand, however, and well cultivated, and the condition of the crop is more favorable than usual at this time of the year.

The corn situation in foreign markets is not likely to be an important factor in the price situation in the United States during the next few months. The first official estimate of Argentine corn production for 1927-28 was 303,132,000 bushels, compared with 320,853,000 bushels for the 1926-27 crop. Exports from April 1 to June 1 were 33,757,000 bushels, compared with 47,481,000 bushels for the same time last year, which leaves approximately the same amount of corn for export from Argentina as was available at this time last year. During the last week of April the spread between No. 3 yellow corn at Chicago and Argentine future prices for early delivery was as high as 26 cents. It declined somewhat during May so that by May 26 the spread was only 15 cents. For the week ending May 22 the price of United States corn at Liverpool average 129.7 cents and Argentine corn at Liverpool averaged 126.9 cents, compared with 107.5 cents for No. 3 yellow corn at Chicago. The United States exports of corn during the summer months are usually very small and the present margin between Chicago and Liverpool prices does not indicate that exports will be larger than usual this year. It is likely that imports of corn into the United States from Argentina during the next few months will be less than usual unless the spread between the price of corn in Chicago and Buenos Aires increases.

Although commercial stocks of corn are not materially below last year, the supplies of both oats and barley are unusually low and the amount of feed grains on farms is much below last year, especially in the eastern part of the corn belt.

This together with the higher level of foreign prices are favorable factors in maintaining a fairly high level of prices until the new crop of oats and barley is available. Should favorable weather for the new crop continue, however, the present level of corn prices cannot be expected to continue into the beginning of the marketing season for the 1928 crop.

COTTON

Cotton prices have shown but slight change for the past month, the average price at 10 spot markets varying between 20 and 21 cents per pound most of the time from April 25 to date. The price received by producers May 15 was 20.1 cents per pound compared with 18.7 cents per pound on April 15, and with 13.9 cents on May 15, 1927. The price of middling spot cotton at the 10 designated markets averaged 20.53 cents for May and 19.76 cents for April, against 15.38 cents for May, 1927.

According to reports of the Weather Bureau, rain and cloudiness together with a cool spring have made growing conditions only fair in the East, while in the West crop progress has been more satisfactory.

The apparent supply of domestic cotton in the United States on June 1, 1928, was 3.9 million bales, whereas it was 5.3 million and 4.0 million bales on June 1, for 1927 and 1926, respectively. The Commercial and Financial Chronicle reports stocks of American cotton in European ports and afloat for Europe on June 1 as 1.8 million bales this year, compared with 2.6 million bales on June 1 last year and 1.3 million bales the year before last. Port stocks of American cotton in Japan were 227,000 bales at the end of April, 1928, against 287,000 at the same time last year, according to the United States Department of Commerce. The decrease in foreign port stocks indicates that the large stocks accumulated abroad from the low priced crop of 1926 are being consumed.

The large stocks held abroad at the beginning of this year, together with the increased price, accounts for this season's low exports. Exports of domestic lint cotton for the 10 months ending May 31 were 6.8 million bales, compared with 10.1 million and 7.3 million to corresponding dates in 1927 and 1926. Exports during May were 578 thousand bales, compared with 467 thousand in April, 1928, and 612 thousand in May, 1927.

Due to the high rate of mill activity during the fall months of 1927, domestic consumption for this season to May 1 was 5,305,671 bales compared with 5,330,031 bales the similar period last year. The consumption for May was 577,710 bales and for April, 525,158 bales against 629,948 bales for May, 1927, and 516,376 bales for May, 1926.

The general level of cotton textile mill operations in Continental Europe remained relatively high during April and May and many mills had a satisfactory amount of orders on hand at the end of May, according to Acting Agricultural Commissioner Steere at Berlin. Some improvement occurred in France and Italy, while activity was slackening in Germany, Czechoslovakia and Austria. Reports from the textile trade continued to indicate that stocks of cotton goods in the hand of wholesalers and retailers are not burdensome. Demand for British cotton yarn was reported very weak up to the middle of May and demand for cotton piece goods was little better according to trade reports.

WOOL

Wool prices at Boston have shown a gradual rise the past month for most grades. Toward the latter part of May medium wools both fleece and territory were more active and became the feature of the market. The average price received by producers on May 15 was 37.0 cents or 1.4 cents higher than on April 15 and 6.9 cents above May 15, 1927. Prices at the third series of the London Sales which closed on May 22 were steady but about 5 per cent below the second series for most grades.

Stocks in the United States continue low but with an indicated clip this year larger than last year, judging from the number of sheep. The movement of domestic wool this year has been in line with previous years, the receipts of domestic wool at Boston from January through April being 29.1 million pounds, as compared with 30.8 million and 30.3 million for the corresponding periods in 1927 and 1926. The outlook for foreign production has shown little change the past month. Reports from Australia continue to indicate improved pastoral condition. Stocks on hand in Australia at the end of April were 30.7 million pounds against 25.7 million a year previous, according to the National Council of Wool Selling Brokers.

Reports on mill activity in the United States for April show some decline. Imports continue much below normal; the imports of combing and clothing wool for April were only 12,303,000 pounds or less than for any April since 1924 and about half the five year average for April from 1923 to 1927.

While a gradual rise has recently occurred in domestic prices, that rise has not been equal to that abroad. The continuous rise in prices of wool at the London Sales for the past several months has not been accompanied by any such rate of increase in the United States. This disparity can be accounted for by comparing the important factors influencing prices of wool in foreign markets and in the United States. Among the factors causing strength in markets abroad have been the light supplies, the economic improvement on the Continent and in England, and the increased demand from Japan. The relation of the United States prices of wool to those in foreign markets is determined largely by foreign and domestic demand conditions and the general price level. The principal indexes of business conditions in the United States this year have indicated a decline in business activity, e.g., the first quarter of this year as compared with the same period last year and the year before last show a decrease in pig iron production, and general payroll totals. Wholesale prices, although somewhat higher than last year, have not shown any appreciable advance. The continued rise in prices abroad, however, has lifted domestic prices.

HOGS

After reaching the peak of the belated spring rise during the last week in April hog prices declined about 5 per cent during the first three weeks of May and have since remained rather steady. The average cost of packer and shipper droves at Chicago in May this year was $9.67 compared to $9.28 in April, $9.59 in May, 1927, and $13.55 in May, 1926.

Receipts of hogs at 67 public markets in May were 3.5 per cent larger than in May a year ago while local slaughter was only 1.5 per cent larger. Receipts at the seven principal markets during the first 11 days of June were about 5 per cent larger than a year ago. With the usual relation between inspected slaughter and market receipts an increase of 3 to 5 per cent in inspected slaughter in May as compared with that of May, 1927, is probable. Since hogs are being marketed at lighter weights than last year total production of inspected pork and lard in May like that of April was probably less than that of a year ago.

Storage stocks of pork on June 1 were 16 per cent larger than on June 1, 1927, and 17 per cent larger than the five year average, but were 5 per cent less than on May 1 this year. Stocks of lard were 66 per cent larger than a year ago and 63 per cent larger than the 5 year average, and were the largest for any June 1 on record.

The exports of pork products for April were materially below exports for March and were below April a year ago. The decrease in exports, as compared with March, occurred in all products, being greatest in bacon and lard, each of which showed reductions of approximately 33 per cent. Compared with April last year, the reduction was entirely in lard which showed a decrease of 16 per cent whereas pork products increased about 26 per cent. Production of pork and lard from inspected slaughter during the six months November, 1927, to April, 1928, totalled 4,819 million pounds or 21 per cent more than in the corresponding period of the year previous. Approximately 3,663 million pounds of this production or 76 per cent passed into domestic consumptive channels, 567 million pounds or 11.8 per cent were exported and 589 million pounds or 12.2 per cent were placed in storage. A year ago production for the six months period totalled 3,982 million pounds and 3,109 million pounds or 78 per cent moved into consumptive channels, 492 million pounds or 12.4 per cent were exported and 381 million pounds or 9.6 per cent moved into storage. The proportion of the six months production moving into storage this year is the largest in four years while the proportion exported is the smallest.

Developments in the hog situation during the next few months will depend somewhat on the prospects for the corn crop and the size of the spring pig crop which will be indicated by the June pig survey. The present unfavorable corn-hog ratio is conducive to considerable liquidation of breeding stock, but on the other hand, with conditions favoring a good yield of corn such liquidation may be slight.

LAMBS

Lamb prices made a further advance during May that carried the level of slaughter lamb prices to the highest point for the month since 1920. Fat sheep prices, however, made a seasonal decline. During May a gradual shift from aged fed lambs to early spring lambs takes place, with varying proportions of the two kinds in the total supply from year to year. This makes comparisons of average prices, either with the previous month or previous year of questionable significance.

Receipts of sheep and lambs at seven leading markets in May, 1928, were 893,000 compared with 862,000 head in May, 1927, and the three-year average of 850,000. California spring lambs made up a large part of the total supply. The supply of Texas grass sheep was much below that of May either in 1927 or 1926. Supplies of early lambs from all sections in June promise to be fairly plentiful and a seasonal decline in prices is now taking place. The adjustment in lamb prices from early June to late July usually results in a general level of lamb prices by the 1st of August that continues during the period of the fall movement.

CATTLE

Cattle prices at Chicago during the greater part of May continued strong on most kinds and new peak prices since 1920 were reached by lower grades. During the fourth week of the month the market on all kinds weakened somewhat and on choice heavy steers the decline amounted to nearly $1.00. Most of this decline, however, was regained the following week. The average price of native beef steers in May was $13.19 compared to $13.01 in April and $10.68 in May, 1927. All grades except choice averaged higher in May than in April. The prices of common and cutter cows in May reached a level but little below the highest prices prevailing during the war. Poor pastures in the North Central States and shortage of feed in South Texas have delayed the movement of grass cattle and postponed the seasonal drop in prices of lower grade cattle of all kinds.

Receipts of cattle at seven leading markets in May were 14 per cent smaller than in May, 1927, and 12 per cent smaller than the five-year average for May, and the smallest for the month since 1921. Stocker and feeder shipments during May from twelve leading markets were about 10 per cent larger than in May, 1927. Receipts of choice steers at Chicago were about 12 per cent smaller than in May, 1927, while receipts of all slaughter steers were 23 per cent smaller. The proportion of heavy steers of better grades was larger than in May last year with the result that prices for light steers were at about the same levels as for heavies, while a year ago they were at a sharp discount.

The steer corn ratio at Chicago in May was 12.3 compared to 11.5 in May, 1927; the ratio of average fat steer prices to average feeder steer prices in May was 116 compared to 119 in May, 1927. During the next sixty days the seasonal gradual widening of the spread between the better and poorer grades of killing cattle will probably take place, due to an advance of the former and a decline of the latter. If favorable corn prospects continue during the summer, however, the usual seasonal decline in the prices of stocker and feeder steers will probably be smaller than usual and may be largely eliminated.

BUTTER

Butter receipts at the five principal markets were below receipts for the same time last year for the second successive month. Receipts during the five weeks ending June 2 were nearly 21 per cent below the receipts for the same period last year and 11 per cent below receipts for

the same period in 1926. For the month of May receipts were the smallest since May, 1921. This is in line with the reduction in creamery butter production, which during April was reported to be 6.8 per cent below a year ago.

The comparatively light butter supplies of the new season to date are reflected in the price relationships of recent months. While the April average price of 45.5 cents on 92 score in New York was 5 cents lower than April of last year, the May average of 44.9 cents was 1.5 cents higher than May of last year and the highest May price since 1920. The New York price on 88 score was in a still more favorable position, as compared with a year ago, the average for May being 43.3 which was 4.2 cents higher than for May of last year.

Foreign prices are also in a more favorable position than a year ago, the Copenhagen quotation averaging 35.4 cents during May compared with 32.9 cents a year ago. However, the margin between New York and Copenhagen prices was greater than usual during May, amounting to 9.5 cents, as compared with a five year average of 7.5 cents.

The into-storage movement which usually gets well under way in May has been exceptionally light so far this season. Total cold storage holdings on June 1 this year were only 16,020,000 pounds, compared with 25,404,000 pounds on June 1, 1927, and a five-year average of 20,292,000 pounds.

Pasture conditions have improved from 71.3 per cent on May 1 to 78.6 per cent on June 1, the improvement being rather general throughout the country. Pasture conditions are still materially below last year, however, when the condition was reported to be 88.3 and are below the ten-year average of 87.

Feed prices are still somewhat higher than a year ago. The index number of a dairy ration of commercial feed in New York as compiled by the New York State College of Agriculture, was 167 (1910-14=100) for April compared with 132 for April a year ago. For the week ending June 6 bran and alfalfa meal prices were somewhat lower than in April, while most other feeds were higher.

Although the improvement in pasture conditions may result in slightly more than the usual increase in receipts, it is hardly to be expected that receipts during the next few months will equal the unusually heavy receipts of last year when conditions were very favorable for heavy butter production. These lighter receipts together with a favorable demand for butter for storage will tend to maintain the recent strength of the market.

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
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THE PRICE SITUATION, JULY, 1928

FARM PRICES

Farm prices on June 15 were about 2 per cent lower than on May 15, and about 12 per cent higher than a year ago. The index for June averaged 145 compared with 148 in May and 130 a year ago. The reduction in June was due largely to lower prices of cotton, wheat, rye, potatoes and butter, with other prices not materially different from those prevailing in May. The advance in the present average of prices over those of a year ago is the result of higher prices for most products, except hay and potatoes. Since June 15 the outstanding price changes have been further declines in wheat and potatoes, a recovery in cotton prices by the first week of July, partly lost during the second week, and higher corn and livestock prices.

Compared with prices received by farmers which averaged 145 per cent of the pre-war level, retail prices paid by farmers for commodities used for production and in the farm home averaged about 155 per cent, as indicated by the new index of retail prices paid by farmers computed by the Department of Agriculture. At these prices the purchasing power of farm products in exchange for commodities bought is about 93 per cent of their pre-war purchasing power. This compared with 95 last month and 82 last year.

THE GENERAL COMMODITY PRICE LEVEL

The general average of wholesale commodity prices was somewhat lower in June than in May due almost wholly to lower prices of farm and textile products. According to the Annalist Index (1913 = 100) the average for June was 149.4 compared with the high point of 151.5 reached in May and 141.5 a year ago. Prices of farm products at the wholesale markets declined from 158.4 in May to 151.7 in June.

During the first half of 1928 there has been an increase in nonagricultural prices when compared with prices of a year ago. This movement in nonagricultural prices appears to have been such as in the past marked the termination of periods of business recession, or the beginning of periods of recovery.

BUSINESS CONDITIONS

During the past two months general business activity appears to have been maintained at approximately the level reached after the moderate recovery which took place during the first three months of this year.

The production of pig iron was somewhat lower in June than in May and somewhat below that of last year. Steel production also was considerably lower in June but higher than a year ago. Automobile production appears to have been maintained at approximately last year's level during the past three months. In the building industry contracts awarded in 37 States reached a record volume in May but were somewhat below last year's level during June.

The volume of distribution of goods by railroads during June has continued slightly below that of a year ago. Practically all classes of commodities except forest products showed a smaller volume of loadings during the last part of June than for the same period in 1927. For the next three months railroads may handle about 6% more freight than during the same period a year ago, as indicated by reports to the Bureau of Railway Economics. Wholesale and retail trade, however, in June exceeded the values of business done a year ago. Mail order sales showed a considerable increase.

The general industrial situation as reflected in factory employment and payrolls appears to be about five per cent lower than a year ago as indicated by the Bureau of Labor Statistics indexes of payrolls which were 90.1 in May, compared with 95.6 in May, 1927. Since January there has been an advance of about four points, largely seasonal, and some seasonal decline may be expected for July and August. But the general business situation during the last half of 1928 is likely to be as good as or somewhat better than the first half.

Interest rates have continued to advance. Following advancing market rates during June the Federal Reserve Banks of Chicago and Richmond have raised their rediscount rate to five per cent. The recent advances have been attributed to a reduction in bank reserves due to told exports and to the desire to check the enormous volume of security speculation, and not to an over extended business situation.

WHEAT

Wheat prices continued to decline through June, but ended the season slightly above the level at the end of last season. Farm prices dropped from 144 cents per bushel to 132 cents in June, as compared with 130 cents in June, 1927. The average price of all classes and grades at six markets dropped from 146 cents for the week ending June 1 to 141 cents for the week ending June 29, which was three cents above the average for the corresponding week last year.

Prices of all classes of wheat declined, the greatest declines being registered in the winter wheat markets. No. 2 Hard Red Winter at Kansas City dropped from an average of 155 cents for the week ending June 1 to 145 cents the week ending June 29, and No. 2 Red Winter at St. Louis dropped from 185 cents for the week ending June 8 to 172 cents. In the meantime No. 1 Dark Northern Spring had dropped from 161 cents to 152 cents and No. 2 Amber Durum at Minneapolis from 136 cents

to 127 cents. In comparison with last year No. 2 Red Winter at St. Louis ended the season 25 cents higher, No. 2 Hard Winter at Kansas City 5 cents higher, whereas No. 1 Dark Northern Spring was 1 cent below and No. 2 Amber Durum 24 cents below the average for the corresponding week at the end of last season.

Wheat prices continued to decline through the first two weeks of July, the cash close of September futures at Chicago declining from about 141 June 30 to 132 July 11.

Reports as to areas and conditions of the wheat crop in several countries to date indicate the world's wheat harvest for the 1927-28 marketing season may be not very different from that of the 1926-27 season. Forecasts and estimates of crops in 16 countries of the Northern Hemisphere to date amount to 1,886 million bushels, as compared with 2,041 millions produced in the same countries last year, which was 58% of the estimated production of the workd exclusive of Russia and China. Canada reports a four per cent increase in area and conditions better than at this time last year, but the actual outturn of the crop still depends largely upon weather conditions for the remainder of the season. Present prospects are that the wheat crop of Europe will be about equal to last year, as larger crops in Italy and the Balkan countries promise to offset reductions in France, Germany and Poland. Information as to the prospects for production in Russia are not very definite but it appears that Russia is not likely to produce an exportable surplus for this year. An increase in the North African crop is offset by the reduction in India. Taking into account the prospects of a reduction in the United States crop, a careful analysis of all available data suggests that the Northern Hemisphere crop may be somewhat less than last year. The reduction in the Northern Hemisphere crop, however, might be offset by a better crop in Australia which last year suffered from drought, making a total world's production for the season about the same as that for last season.

The world's stocks of old wheat as of July 1 accounted for to date are slightly larger than a year ago. Adding together farm stocks in the United States, Bradstreets' reports of visible supplies in the United States, Canada, United Kingdom, port stocks and afloat, and the computed supplies still available for export in Argentina and Australia account for 280 million bushels, as compared with 256 million bushels in the same positions last year. This difference may be slightly reduced by the mill and elevator stocks in the United States which may be somewhat smaller than last year. The Argentine and Australian figures are also subject to revision with additional information. European stocks are reported to be low but we have no definite measure of them and can only say that the accounted for increase in stocks is so small as to be of little significance.

All available information at present points to a world's supply of wheat for the 1928-29 marketing season very little different from that of the 1927-28 season. Although it is too early to take into

account the quality factor in this year's supply, it should be observed that the poor quality of the French, German and Canadian crops was an important factor in the market last year. Should the crop now being harvested turn out to be of higher quality than last year this would have the effect of an increase in supply.

The demand for the crop of 1928-29 should be somewhat greater than for last year by at least the increase in population to be fed. In addition to the increase in population there is a tendency for consumers of other bread grains to shift to wheat. The prospects for the rye crop in the United States and Europe are not so good as last year.

The Soft Red Winter wheat in the United States will not be sufficient to meet our usual domestic requirements. Farmers should not dump the new crop upon a falling market early in the season. They should remember last year's experience, when prices fell to relatively low points during the early marketing season then rose to high points at the end of the season after some of our Soft Red Winter wheat had been exported. Although the highest prices paid during the past year may not be reached this year, the price level for the year should work out equal to or above the average for the past year.

Hard Red Spring wheat producers are also in a favorable situation and unless the crop turns out to be larger than now estimated can expect a market for their wheat somewhat above that of the world market price level for a part of the year at least.

Even though the supply of Hard Red Winter wheat is more than sufficient to meet our usual domestic requirements, farmers should observe the fact that the world's prospective supply at the present time is not any greater than it was last year and that the demand for wheat should be equal to or greater than last year. The weekly average price of No. 2 Hard Winter wheat at Kansas City started last season at 140 cents, fell to 125 cents in October, then rose to 169 cents for the first week in May and ended the season at 145 cents. The Hard Red Winter wheat producers should not dump their crop at low price levels.

CORN

The farm price of corn on June 15 was practically unchanged from a month earlier. Prices received by producers on June 15 were reported to be 102.2 cents compared with 102.5 on May 15 and 88.9 on June 15, 1927. The price of No. 3 yellow at Chicago, however, declined somewhat during June, averaging 103 cents for the month compared with 108 cents for May and 99 cents for June a year ago.

The report of the Division of Crop and Livestock Estimates on July 10 estimated the total area in corn at 102,380,000 acres, compared with 98,868,000 acres harvested last year, an increase of about 3.6 per cent. Nearly all of the increase has taken place in the group of States

extending from Ohio and Kentucky west to Kansas. This increase in acreage in the eastern half of the Corn Belt points toward a more even distribution of the crop in 1928 than for 1927.

The condition of corn on July 1 was 78.1 per cent of normal, compared with a ten-year average of 82.6 per cent. This condition indicates a yield per acre of 26.7 bushels, or a total production of 2,736 million bushels, compared with 2,786 million bushels harvested in 1927 and 2,752 million bushels for the five-year average.

The low condition this year is largely due to the excessive rainfall and low temperature during June in most areas. According to the report of the Weather Bureau for the week ending July 10 conditions in most areas were more favorable for the corn crop than those which prevailed during June.

The demand for corn continued firm during June. Commercial stocks of corn in 39 primary markets decreased from 27,535,000 bushels on June 2 to 17,692,000 bushels on June 30, while during the same period last year stocks increased from 31,715,000 bushels to 36,314,000 bushels. On June 30 this year stocks were less than half as much as a year ago and were at the lowest on that date for any year since 1925.

The June 1 pig survey of the Department of Agriculture shows a decrease of about 7 per cent in the spring crop of 1928 from that of 1927 and reports of the number of sows bred or to be bred for farrowing in the fall if 1928 point to a decrease from last year in the fall pig crop. Assuming the average spread of past years between June breeding intentions and the report of the farrowing in December, the decrease in the fall pig crop this year would be 15 per cent. Should these intentions be carried out, the demand for corn for feed during the 1928-29 crop year will be somewhat less than during the 1927-28 season.

Should the active demand for corn which has prevailed during the last two months continue, it is likely that prices will remain firm until the size of the new crop is more definitely known. The supply of feed grains on farms is somewhat below a year ago, especially in the eastern part of the Corn Belt, and commercial stocks are considerably lower. Should the large increase in barley acreage this year be accompanied by fair yields, it is possible that barley will be substituted to some extent for corn until the new crop becomes available. But even with this addition to the supply of feed grain it is not likely that corn prices will decline materially before the new crop becomes an important factor in the market.

OATS

Oat prices during the past five months (February to June) have been higher than during the corresponding period in any year since 1920. These higher prices have been largely due to the small crop in

1927, the poor quality of the crop, the high level of corn prices, and the short feed crops in Europe. During June the price of No. 3 white oats at Chicago averaged 69 cents which was the highest monthly average price since August 1920.

Recent studies of oats prices have shown that the principal factors in determining the price of oats are the supplies available in the United States and Canada, the price of substitute feeds, especially corn, and the general price level. Stocks of oats in 39 primary markets on June 30 were only 3,334,000 bushels, compared with 17,689,000 bushels on the same date a year ago. Receipts during the past two months have been light which would indicate that farm stocks are also unusually low. The principal source of supply for the coming year, therefore, is the oat crop now being harvested. Conditions as of July 1 indicated a crop of 1,320 million bushels, according to reports received by the Division of Crop and Livestock Estimates. This compares with a crop of 1,195 million bushels for 1927 and a five year average production of 1,348,000,000 bushels. Present conditions indicate that the supply of substitute feed grains will be about equal to that of a year ago.

The short feed supplies in Europe during the 1927-28 season also had an indirect effect upon oat prices last year. The higher prices of feed grains and commercial feeds which prevailed in Europe were a strengthening factor in determining feed prices in the United States. Whether or not this situation will continue is still uncertain.

The level of oats prices during the coming season will be determined somewhat by the size of the feed crops in Europe and the size of the Canadian oats crop. Should the more favorable conditions in these countries continue and the present prospects for the oats, corn and barley crops of the United States materialize it is likely that the general level of oats prices during the coming season will be somewhat lower than that of the 1927-28 season, with about the usual seasonal advance in prices.

COTTON

After holding relatively steady for about two months, cotton prices rose during the last half of June, middling spot cotton averageing 22.57 cents per pound at the ten designated markets on June 30. The price received by producers on June 15 averaged 19.7 cents per pound compared with 20.1 cents on May 15 and 14.8 cents on June 15, 1927. The middling spot price at the ten designated markets averaged 20.82 cents for June and 20.53 cents for May, compared with 16.10 cents for June last year and a 5 year average of 23.08 cents per pound.

The Crop Reporting Board estimated that there were 46,695,000 acres of cotton in cultivation on July 1. This was 11.4 per cent greater than in 1927, but 4.2 per cent less than in 1926.

Weekly bulletins of the Weather Bureau up to July 3 indicated that the cotton crop was generally late and in need of continued hot, dry weather over most of the belt. The bulletin of July 10 reports that temperatures for the intervening week averaged somewhat above normal and that rainfall was mostly light to moderate except in parts of the East.

It should be observed that farmers have again based their cotton acreage on the price received for the previous year's crop. The usual relationship between December prices and the following year's acreage, as calculated in December 1927, indicated an increase in acreage for 1928 of about 11 per cent.

The apparent supply of domestic cotton in the United States on June 30 was 3.0 million bales, compared with 4.2 million last year and a five year average of 2.8 million bales for the close of June. Stocks of American cotton in European ports and afloat for Europe were 1.6 million bales on June 29, compared with 2.3 million last year and 1.1 million two years ago, according to the Commercial and Financial Chronicle. At the end of June there remained in stocks approximately 4.6 million bales of American cotton exclusive of stocks at European mills, in the Orient, and in Canada.

Domestic consumption of all cotton for the eleven months ending June 30, 1928, was 6.4 million bales, compared with 6.6 million and 6.0 million during similar periods in 1927 and 1926. For the month of June consumption was 511 thousand bales against 578 thousand for May and 660 thousand for June last year.

Exports for the season to date have been less than for 1927 or 1926. For the eleven months ending June 30, 1928, they were 7.2 million bales compared with 10.6 and 7.7 million, respectively, during the two previous periods. During June, 1928, exports of lint cotton totaled 444 thousand bales, compared with 378 thousand in May and 468 thousand bales in June, 1927.

Developments in the foreign textile markets are about the same as have been indicated for several months. Reports from Acting Agricultural Commissioner Steere at Berlin show that the peak of activity in the cotton mills of Germany and central Europe has been passed but indications are that production may be stabilized at not much below current levels. Conditions in the French cotton industry were again favorable but in Great Britain and Japan the unsatisfactory conditions of the past year continue.

WOOL

Wool prices at Boston during the past month have continued firm with little change. The upward tendency during the months of April and May was checked by the marked decline in the number of sales and inquiries for wool during June. Trading continued irregular in wool and tops during the early part of July, and volume of sales on new graded Western grown wools was light. The average price received by producers on June 15 was 38.7 cents, compared with 37.0 cents on May 15, and 30.2 cents and 31.4 cents on June 15, 1927 and 1926. Wool prices in Boston week ending July 7th were reported about the same as the week ending June 2.

The market for wool textiles at Bradford has been similar to the domestic raw wool market, i.e., limited business but firm prices. Top makers were offering firm resistance to low offers and maintained definite limits below which they would not sell.

The fourth series of the London Wool Sales opened on July 10 with prices of greasy wools, including Capes and Punta Arenas, generally equal to the highest rates of the May series. Scoured merinos, capes, and slipe crossbreds are about par to five per cent below the closing rates of the previous series.

Domestic imports have not shown any tendency to increase. Imports of combing and clothing wool during May were slightly above last year, but only a little more than half as much as the average for May, 1923-27. The reduction from April was approximately the same as the seasonal movement in past years. For the four weeks ending June 30 imports of combing and clothing wool at three principal ports were 4,589,000 pounds, against 3,256,000 for the same time last year.

Consumption of wool in reporting mills declined 13 per cent from April to May when there is no usual seasonal decline. Domestic consumption of combing and clothing wool by reporting mills for May was 32,039,000 pounds (grease equivalent) or about one million pounds below May last year, but slightly above the five year average for May, 1923-27.

Conditions in most wool producing countries have not changed to any great extent since our last report. The seasons in most countries are favorable and those countries of the Southern Hemisphere which suffered from drought last year have mostly recovered so that prospects for the coming season are for a larger production than in the season which has just closed. The Australian wool production for the season July 1, 1928 to June 30, 1929 is forecasted at 900,000,000 pounds, according to a cable to the Foreign Service of the Bureau of Agricultural Economics from Consul General Garrels, Melbourne, quoting a semi-official source. This estimate contains 815 million shorn wool, 35 million pulled, and 50 million to be exported on the skins. If the final outturn agrees with this forecast, made at the beginning of the season, the 1928-29 production will be somewhat larger than that for 1927-28 and approximately as large as that of 1926-27.

HOGS

The hog market showed considerable strength throughout June, and a top price of $11.60 was recorded at Chicago during the first week in July, the highest price paid since last November. The price trend was the reverse of that of a year ago when values were declining sharply under increased receipts and a decreasing export and domestic demand. The June average cost of packer and shipper droves at Chicago was $9.91 compared with $9.67 in May, $8.78 in June, 1927 and $14.01 in June 1926, the peak month of the last hog price cycle. Apparently the upward movement in the new price cycle is now under way.

Receipts of hogs at 67 public markets in June were 6 per cent less than inaJune a year ago and local slaughter was 10 per cent less. All important markets showed decreases except the Missouri River markets. During the first half of the month receipts were generally greater than in the corresponding weeks of 1927, but there was a sharp falling off in supplies towards the end of the month and this reduction was accompanied by rather sharp price advances. The inspected slaughter figures for June are expected to show a decrease in number of hogs slaughtered of around 8 per cent compared with June 1927. Because of the increased proportion of unfinished hogs in market receipts average weights were about 5 pounds less than a year ago and the actual supply of pork produced was not as large as indicated by the number of hogs marketed.

Storage stocks of pork on July 1 were slightly less than on June 1 but were 8 per cent larger than on July 1, 1927 and 15 per cent larger than the five year average. Stocks of lard were 46 per cent larger than a year ago and 55 per cent larger than the five year average.

Exports of pork products in May were 2 per cent less than for April but were 4 per cent greater than those of May 1927. Exports of lard were only slightly less than in April and 12 per cent less than in May of last year.

The June pig survey showed a reduction of 7 per cent in the number of pigs saved this past spring compared with the spring crop of 1927, the per cent of decreases being practically the same for both the Corn Belt and the States outside of the Corn Belt.

While available evidence regarding prospective market supplies of hogs during the summer and early fall is rather conflicting there is reasons to believe that supplies will not be greatly different from last year. In view of the fact that the summer advance in hog prices this year started earlier than usual and prices are now $2.70 or 34 per cent above the winter low it is probable that the peak of this seasonal advance which usually occurs in September or October will be reached in July or August. The usual fall decline from this advance is expected to be considerably less than in the fall of 1927.

LAMBS

Lamb prices made their usual seasonal decline during June and at the close of the month were from $2.50 to $3.00 a hundred lower than at the beginning. The greater part of the decline took place in the first week, and continued into the following week. During the third week, supplies were sharply curtailed and prices recovered somewhat, but declined to the low point of the month during the last week when supplies again expanded. Sheep prices also declined continuously during the month.

Although receipts of sheep and lambs at seven leading markets were 5 per cent larger than in June, 1927, and inspected slaughter is indicated at near the largest on record for the month, lamb prices during June this year were higher than in June last. The top price on killing lambs in June this year at Chicago did not go below $16.40 while last year it went to $14.75. A part of this difference represents higher pelt values this year than last but it also points to a better consumer demand for lamb than in June last year. This better demand is probably due to higher prices than last year on competitive meats, especially veal.

The seasonal decline in lamb prices usually reaches the low point in the latter part of July and prices remain relatively stable during the period of fall movement.

CATTLE

Prices on nearly all kinds and grades of cattle advanced during June, bringing the average on kinds other than the better grades of fed steers to the highest point since 1920. If allowance is made for changes in the purchasing power of the dollar, lower grade cattle of all kinds are selling at the highest level on record.

Usually there is a seasonal decline in prices for lower grade cattle in May and June due both to increasing numbers and to the poorer quality of the carcass resulting from a soft grass diet. Except for a small decline in the second week in June, which was regained the following week, no decline took place to the end of June. Also the seasonal decline in stocker and feeder cattle prices which takes place in June failed to develop this year.

Prices on the better grades of fed steers were only steady to strong during the first three weeks of June but during the last week of the month, a sharp advance took place which carried average price of choice cattle to the highest point since the middle of March. This advance continued over into the first week in July and for the top weeks amounted to nearly $1.50 a hundred on some kinds.

The premium on heavy steers which had largely disappeared during the preceding two months was again established and trade opinion is that this premium will continue until the end of the year.

Receipts of cattle at seven leading markets were 14 per cent smaller than in June, 1927. While receipts of beef steers at Chicago were 24 percent smaller than in June, 1927, the supply of choice steers was 43 percent larger. The supply of grass cattle at all markest was unseasonally small due in part to rather unfavorable pasture conditions in many of the North Central States this spring.

While the trend of cattle prices during the next few months will depend largely upon supplies it hardly seems likely that the seasonal decline on grass cattle will fail to develop because of lack of supplies. This decline, however, may be less marked than usual. The seasonal advance on grain finished cattle which seems to be now under way will probably continue with the peak largely depending upon the comparative supplies of cattle remaining in feed lots about August 1.

BUTTER

The butter price situation during June was characterized by unusually low receipts and the highest prices for any June since 1920. Receipts of butter at the five principal markets continued below receipts of a year ago for the third successive month, being only 91 per cent of June, 1927 and 90 per cent of the five-year average for June. Production of creamery butter during May also continued below a year ago being estimated at 8.5 per cent below May, 1927.

Butter prices during the past three months have not made the usual seasonal decline due to the falling off in receipts at the primary markets. Although the price of 92 score butter at New York during June averaged 44.1 cents, compared with 44.9 cents in May and 42.5 cents for June a year ago, by July 3 the price had advanced to 45 cents which equalled the average of prices at that market during April. The usual seasonal decline from April to July is about 2-1/2 cents. The price received by producers for butter fat was also higher than a year ago being 43.5 cents on June 15 as compared with 44.4 cents on May 15 and 40.8 cents on June 15, 1927.

Poor pasture conditions have been largely responsible for the unusually low receipts during the past three months. Pasture conditions improved greatly during June. The condition on July 1 was 84.4 per cent of normal, compared with 78.6 per cent on June 1, 92.8 per cent a year ago and the ten year average of 85.9 per cent. The improvement was fairly general for the United States, except in Minnesota, Wisconsin and South Dakota where conditions on July 1 were poorer and on June 1 in Iowa where conditions were about equal to those of a month earlier.

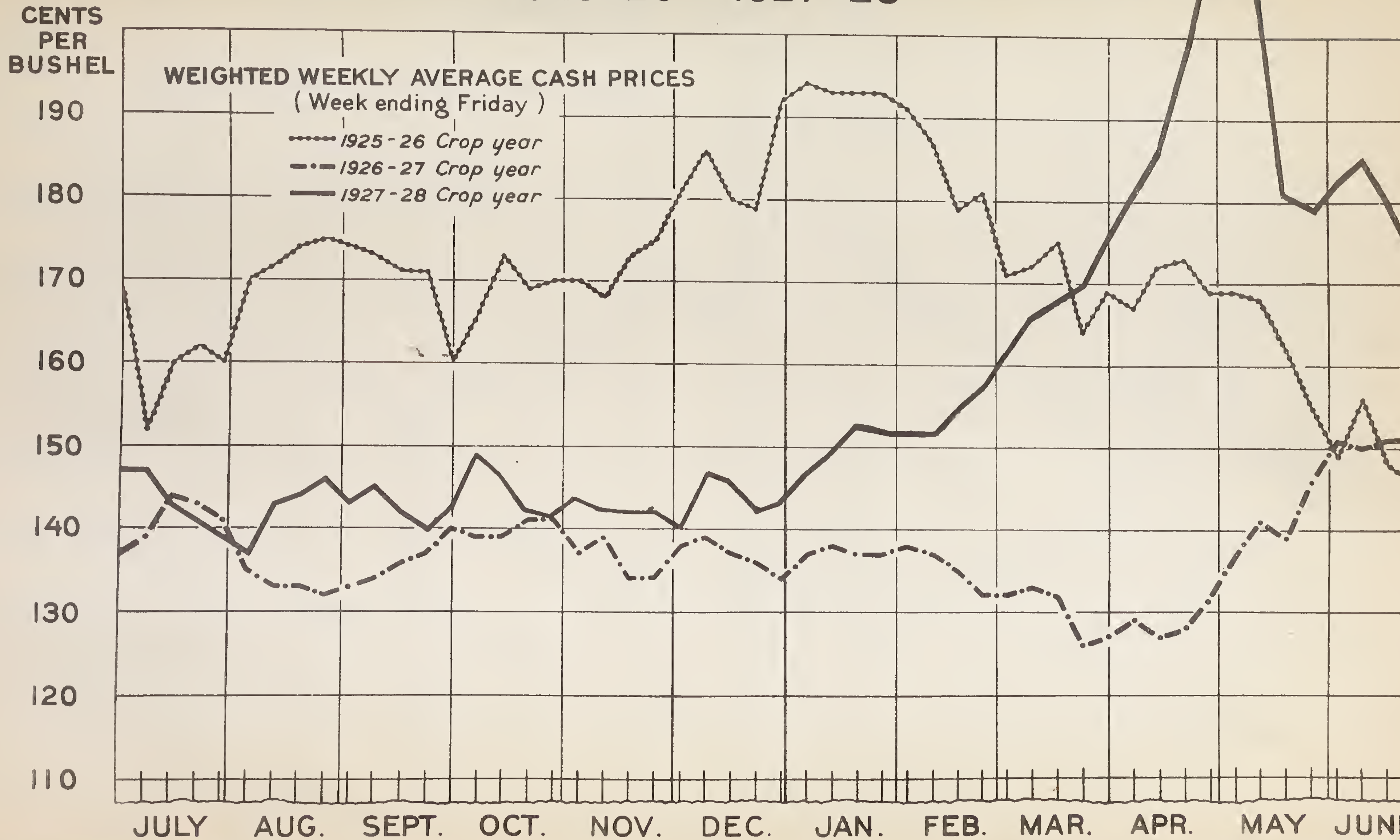
Cold storage holdings on July 1 were materially below those of a year ago and somewhat below the five year average. Cold storage holdings on July 1 were 69,343,000 pounds, compared with 89,996,000 pounds the same date last year, and the five year average of 75,506,000 pounds for July 1.

The foreign butter situation continues firm. The European butter markets have begun to receive heavier supplies from nearby producing areas, but the delayed season had prevented the accumulation of burdensome supplies. The Copenhagen quotation on June 28 was steady at the equivalent of 35-1/4 cents, and nearly 3 cents above that of a year ago.

Pasture conditions will be the dominant factor in the butter price situation during the next few months. With pasture conditions in the three principal producing States, Minnesota, Wisconsin and Iowa, showing little improvement during June, and /being materially below conditions of a year ago, it is not likely that receipts during July and August will equal the receipts of last year when conditions were unusually favorable for heavy butter production. This, together with cold storage holdings materially below a year ago and foreign markets continuing firm, makes it appear likely that butter prices have reached the low point of the 1928 season and that the present firmness of the butter market will be maintained.

WH-11

WHEAT: PRICE OF NO. 2 RED WINTER AT ST. LOUIS 1925-26—1927-28



U.S. DEPARTMENT OF AGRICULTURE

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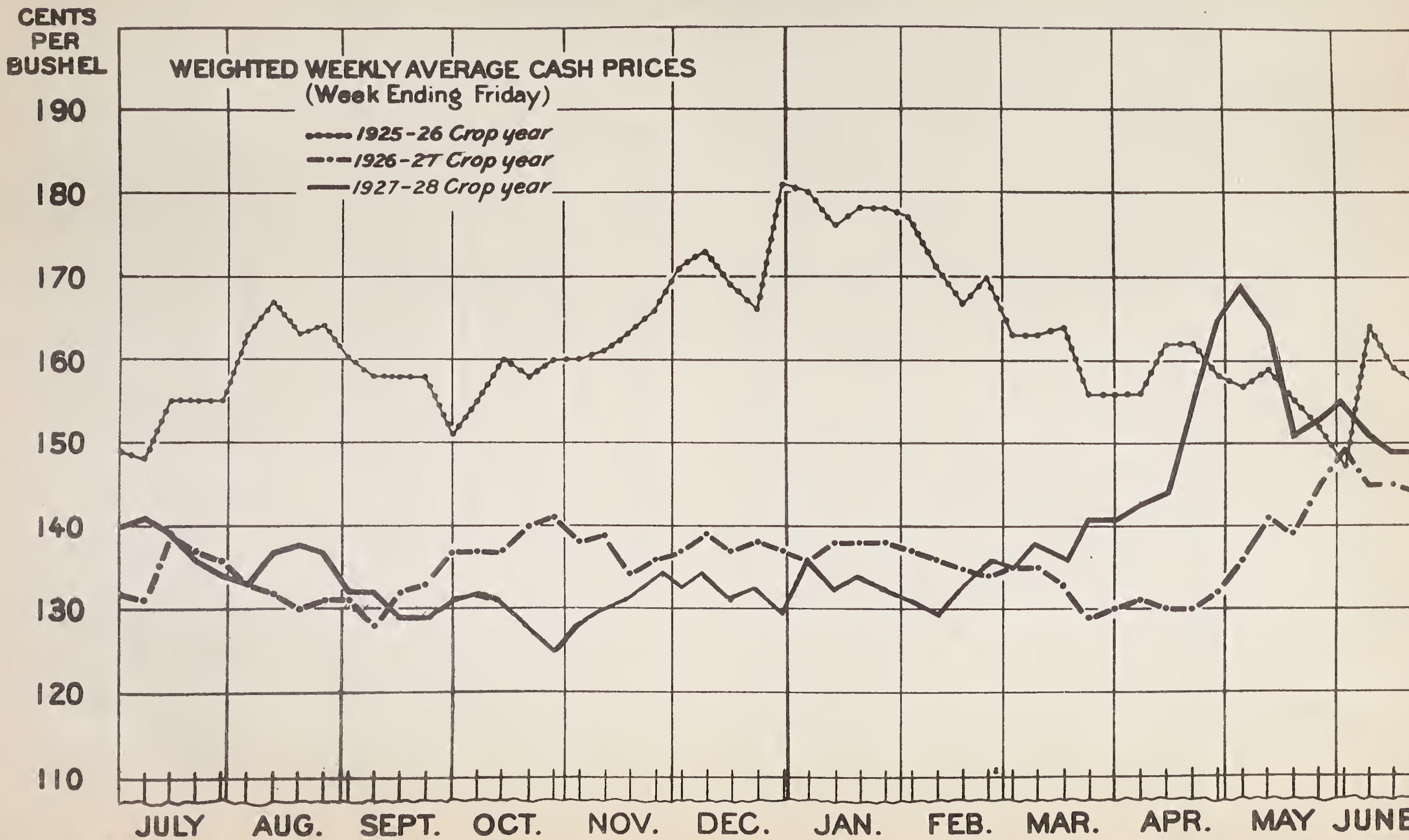
WH-11

WHEAT: PRICE OF NO.2 HARD WINTER AT KANSAS CITY 1925-26—1927-28



U.S. DEPARTMENT OF AGRICULTURE

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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
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THE PRICE SITUATION, AUGUST, 1928

FARM PRICES

The index of farm prices on July 15 at 145 equaled that of June, and exceeded the index of a year ago by 15 points. Individual commodities, however, showed considerable variation; all grain, potato and apple prices declined, but these were offset by higher cotton, cattle, hog and egg prices. Crop prices in general declined as a result of improved crop conditions, and livestock prices, except lambs, advanced because of smaller supplies. Wheat prices, which had declined 26 cents from May 15 to July 15, have continued to decline still further reaching the lowest levels in four years. Potato prices, which in July had declined to 78 cents, compared with 1.03 in May and 1.83 a year ago, have also continued to decline since July 15 in response to good crop conditions. Cotton prices also have declined considerably since July 15. On the other hand, hog and cattle prices have advanced further in the upward movement of their price cycles and egg and butter prices have made further seasonal advances. The continued considerable declines in crop prices are likely to exceed the advances in livestock and livestock products and to lower somewhat the index of farm prices during the next month or two.

THE GENERAL COMMODITY PRICE LEVEL

Prices at wholesale markets averaged somewhat higher in July than in June. According to the Annalist index for July wholesale prices averaged 150.6 per cent of 1913 prices compared with 149.4 per cent in June and 142.8 per cent a year ago. The slightly higher July level was due to higher agricultural and nonagricultural prices except metals. By the end of the month agricultural had declined somewhat, metal prices were slightly lower, and fuel and miscellaneous prices averaged higher. The declines, however, outweighed the advances so that the index of all commodities on August 7 averaged 149.8, compared with 151.3 on July 2.

BUSINESS CONDITIONS

The general business situation in July was not materially different from that of June, on the whole there were further evidences of improvement from the recent recession. This is seen largely in the following facts: Iron and steel operations which have been making their seasonal declines to July were in that month above the levels of last year. Automobile production did not show the usual seasonal decline and employment data for Detroit indicate a high rate of current

activity; the building industries, by the value of contracts awarded, were again more active in July than a year ago, and freight car loadings which have been below last year's volume during the first half of this year exceeded last year's loadings during July. On the other hand, there have been further declines in the production of cotton goods, lumber and anthracite coal. (The Monthly Review of the New York Federal Reserve Bank.)

The recent improvement in industrial activity is reflected in a better factory employment situation. In June employment and payrolls in factories did not show the usual seasonal decline and in July the level of employment was probably about equal to that of a year ago before the recession of the last half of 1927, and retail trade has been well maintained. In July all Federal Reserve districts reported better retail trade than in the same month a year ago. Five and ten cent stores and mail order house sales showed considerable gains over last year's sales.

The financial situation is still characterized by advancing interest rates, large volumes of credit in use for speculative purposes and apprehension as to the possible reaction on business if interest rates should continue to advance further. Prices of industrial stocks declined again during July but by the end of the month had recovered to approximately the level at the beginning of the month.

WHEAT

Wheat prices continued to decline through July. By the middle of July farm prices had dropped to 118 cents per bushel, 14 cents below the June figure and 9 cents below July last year. The average of all classes and grades at six principal markets dropped from an average of 137 cents for the week ending July 6 to 118 cents for the week ending August 3, which was 16 cents below that of the corresponding week last year.

The price of all classes of wheat declined, the winter wheats declining more than the spring wheats. The average cash price of No. 2 hard winter at Kansas City dropped 22 cents; No. 2 red winter at St. Louis 28 cents; at Minneapolis No. 1 dark northern spring dropped 12 cents, and No. 2 amber durum 17 cents. The futures market continued to decline through the second week of August. September futures at Chicago closed at 118 on August 3 and 109 on August 10. Liverpool futures closed on August 9 at the equivalent of 134 cents per bushel, 31 cents under the price on the corresponding date last year.

The hard red winter wheat seems to be averaging slightly lower in protein than last year, and higher premiums are being paid for high protein.

The wheat supply situation has materially changed in the past month, with improvements in the crop prospects of Canada and the United States. It now appears that the world's supply of wheat will be a little larger than last year. Forecasts and estimates of crops in 22 countries of the Northern Hemisphere (not including Canadian spring wheat) to date amount to 2,420 million bushels, as compared with 2,426 million produced in the same countries last year. These countries last year accounted for about 69 per cent of the estimated production of the world exclusive of Russia and China. The small increase in the carryover of wheat also contributes to an increase in supply for this season as compared with last season. The Southern Hemisphere crops are still to be determined. Conditions have been favorable to seeding, and prospects to date are somewhat better than they were up to the corresponding date last year. The present prospects are that with average yields in the Southern Hemisphere the world's supply of wheat outside of Russia and China for the 1928-29 season would be about 4 per cent larger than the available supply for last season.

The prospective increase in the world supply of wheat compared with last year, however, is offset largely by the prospect for a smaller rye crop in Europe outside of Russia, and increase in demand by growth of population and by the tendency to increase per capita consumption of wheat in some countries. Forecasts and estimates of rye production to date for all countries reporting including the United States total 557 million bushels, as compared with 649 million bushels produced last year. Russia may have no wheat to export. The European potato crop seems likely to be smaller than last year. Consumption of wheat in the form of flour is increasing at the rate of about 6 million bushels, or over 1 per cent per year in the United States. The European wheat crop of 1927 was about the same size as that of 1923 but imports were nearly 90 million bushels greater with prices considerably higher.

The world crop outside of Russia and China last year was about the same as the 1923-24 crop but No. 2 red winter wheat at Kansas City averaged 141 cents per bushel, as compared with 104 cents in the 1923-24 season and British parcels prices averaged 154 cents, as compared with 121 cents in the 1923-24 season. The poor quality of the crops of Canada and some European countries was, of course, a factor in the higher prices last year, but allowing for this a material increase in demand is apparent. It appears that the world's demand for wheat has increased at the rate of about 5 per cent per year since 1923.

The August estimate indicates an increase of about 17 million bushels in the soft red winter wheat production of the United States, but the estimated crop is still about 40 million bushels less than last year, which was short of the usual domestic requirements. Last month's statement may be repeated that "farmers should remember last year's experience when prices fell to relatively low points during the early marketing season, then rose to high points at the end of the season after some of the soft red winter wheat had been exported.

Although the highest prices paid in the past season may not be reached this season, the soft red winter wheat price level for the year should work out about equal to the average for the past season."

Improvement in the hard red spring wheat crop indicates that the supply of that wheat may be about equal to that of last year, and the market for hard red spring wheat, therefore, is likely to be upon an export basis for a part of the year, at least. There appears to be an abundance of hard red winter and durum wheats. The prices for these classes of wheats, therefore, are likely to be determined throughout the year by the world market price levels.

The world wheat supply situation now seems somewhat similar to that of 1923 when the world harvested the largest crop that had been harvested up to that time, and prices fell to a low point in the first part of the marketing season. In comparing with the 1923-24 marketing season the increase in the purchasing power of European consumers and the increase in demand for wheat through the past five years must not be overlooked. In 1923 farm prices reached their low point in August and ended the year considerably above the July and August prices. Heavy marketings in the beginning of the season tend to depress prices too much.

CORN

The average price received by producers for corn on July 15 of 102.4 cents was practically unchanged from June when prices averaged 102.2 cents and was 10 cents higher than in July, 1927. Cash corn at Chicago fluctuated widely in July, the daily average price of No. 3 yellow ranging from 103 cents to 110 cents, and averaging 106 cents for the month. During the latter part of July receipts increased somewhat and this together with the declining futures market caused prices to decline to 99.5 cents on August 6.

Commercial stocks of corn at primary markets continued to decline during the first three weeks of July and on July 21 were only 11,720,000 bushels. During the next two weeks commercial stocks increased and on August 4 were 13,555,000 bushels, compared with 29,742,000 bushels last year.

The condition of the corn crop, as reported to the Division of Crop and Livestock Estimates on August 1, indicated a crop of 3,030 million bushels, compared with 2,736,000,000 bushels forecasted a month ago, and a crop of 2,774,000,000 bushels in 1927. Should the crop indicated by the August 1 condition be realized, it will be the largest crop produced since 1923 when production was 3,054,000,000 bushels. Crop prospects are unusually favorable in the North Central States, especially in Iowa, Nebraska and Kansas. Prospective production in the East North Central States of about 820 million bushels is 36 per cent larger than the crop of 1927. Prospects are for a slightly larger corn crop than

that harvested a year ago in the North Atlantic States, but somewhat smaller in the Southern States.

With prospects for a slightly smaller pig crop than that of a year ago, a more normal distribution of the corn crop, a larger oats crop and the largest barley crop on record, it is not likely that the demand for corn in the United States will be as great as in the past season. Some reports from important European countries have been unfavorable to feed grains and there is a possibility that the total European feed grain production may be little, if any, larger than last year's relatively small crop. Should these unfavorable conditions prevail throughout the season, the European demand for American feed grains during the coming season may be similar to last year. The possibility of an active European demand for American feed grains, however, is not likely to offset the larger supply of feed grains being produced this year.

The trend of prices during the next few months will be determined largely by the prospects for the new crop and the demand for corn. The commercial stocks of corn are smaller than at any time since December, 1925, but with ample supplies of other feed grains now becoming available from the large oats and barley crops being harvested, the demand for corn at present prices may not continue to be as active as in the past few months. This together with the unusually favorable prospects for the new crop indicates that those who have old corn for sale would do well to consider disposing of it before the new oats and barley crops begin to move in large volume.

OATS

Farm prices of oats declined from 61.4 cents on June 15 to 56.2 cents on July 16. During the first half of July prices declined but slightly, prices of No. 3 white oats at Chicago declining from 67.1 cents on July 2 to 63.1 cents on July 16. During the latter part of the month and early in August, however, prices declined rapidly dropping from 56.5 cents on July 24 to 48.5 cents on July 25, and reaching 39.8 cents by August 4. The higher prices for oats during the first half of July were largely due to the scarcity of oats of good feeding quality. As the new crop of better quality became available, this premium for good quality oats was lost and prices declined very rapidly.

Conditions on August 1 indicated a production of 1,442,000,000 bushels, compared with the July estimate of 1,320,000,000 bushels, and last year's crop of 1,184,000,000. Stocks of old oats on farms were 42,304,000 bushels, making the total estimated farm supplies available for the coming season of 1,484,000,000 bushels, as compared with 1,245,000,000 last season, and 1,578,000,000 in 1925.

Indications as of August 1 are for a record barley crop of 344,000,000 bushels and a corn crop of 3,030,000,000 bushels. Should the large oats crop, together with these large barley and corn crops be realized, the supply of feed grains available for the 1928-1929 season will be materially larger than a year ago.

The outlook for feed crops in Europe is slightly less favorable than in the United States, and should these unfavorable conditions continue, may result in an active demand for oats in European countries.

The accompanying chart shows the trend of oats prices, adjusted to the present price level, from July to June in past years when large oats crops were accompanied by large corn crops. During these years oats prices declined sharply during July and August, reaching a low point in August and September, then remained fairly steady, or advanced slightly during the remainder of the season. Should the present prospects for the 1928 corn and barley crops be realized, it is unlikely that the trend of oats prices will be materially different than that in past years when similar conditions prevailed.

POTATOES

Potato prices received by producers have continued the decline which begin in April. On July 15 prices at the farm averaged 78 cents compared with 84 cents in June, $1.83 a year ago, and 82 cents during the corresponding months of the five pre-war years. At the central markets similar price declines have taken place. At New York prices per 100 pounds of sacked potatoes averaged $1.02 in July, compared with $1.54 in June and $2.07 a year ago. Last year at this time potato prices were still reflecting the short crop of 1926; the present very low prices reflect the larger 1927 crop and the still larger one in prospect for this year.

Based on conditions as of August 1, the 1928 crop is forecast as 460 million bushels, compared with a crop of 407 million bushels last year, which was approximately normal in size. In terms of per capita of population the prospective crop is about 3.8 bushels and compares with the large crops of 1909, 1912, 1914, 1919, 1920, 1922 and 1924.

Although the late potato crop is not yet made, a large total crop appears reasonably certain. During the past ten years the August estimate of production has been under the December estimate eight times and over twice; the estimate of August exceeded the December estimate by 28 million bushels in 1925 and by four million bushels in 1927. In the other eight years the December estimates exceeded the August estimates by quantities varying from one to 56 million bushels. In the six large crop years listed above (excluding 1909, no data) there was only one year, 1917, when the December estimate was below that of August, the estimates being respectively 443 million bushels in December, compared with 467 million bushels in August.

In each of the seven large crop seasons of the past twenty years, potato prices received by producers continued to decline until November or December. In only two seasons of these seven did prices advance materially after December but in these two instances the level of prices reached in May and June did not exceed the levels of the preceding August and September. If past supply and price relationships prevail, and unless there is a marked change in potato crop prospects during the next few months, the course of prices to the end of the calendar year is not likely to be materially different from that of past years of large crops.

COTTON

From the recent peak of 22.57 cents per pound reached on June 30 for middling spot cotton at the 10 designated markets, prices have fallen to 18.97 cents for the average of the second week in August. Last year the price averaged 18.56 cents per pound during the corresponding week. For July the price averaged 21.25 cents compared with 20.82 cents for June and 17.63 cents for July last year. For the 1927-28 crop year the average price was 19.72 cents and for 1926-27 it averaged 14.40 cents. The price per pound received by producers averaged 21 cents in July, 19.7 cents in June, and 15.5 cents in July last year.

The Crop Reporting Board's August 1 forecast of production was 14,291,000 bales to be compared with a production of 12,955,000 bales in 1927, and last year's August 1 forecast of 13,492,000 bales. At the present time, then, the production forecast is roughly 800,000 bales greater than it was at this time last year. The carryover on August 1 was considerably below that of a year ago, however, Stocks of American cotton in the United States on August 1, 1928 are reported by the Bureau of the Census to be 2,421,000 bales, whereas last year they were 3,663,000 bales. The Commercial and Financial Chronicle reports the stocks of American cotton in European ports and afloat for Europe on August 3 as 1,322,000 bales against 1,996,000 bales on the same date in 1927. The total world carryover of American cotton on August 1 is stated by the New Orleans Cotton Exchange to be 5,078,000 bales exclusive of linters, and is estimated by the Garside Cotton Service to be about 4,900,000 bales. Last year the world carryover was approximately 7,800,000 bales. These figures indicate that the current year's world supply of American cotton will be 1.3 million bales less than last year's supply, and 2 million bales less than the supply indicated on August 1 last year.

Domestic consumption of cotton in the past month has been light, due in part no doubt to the usual mid-summer recession in activity. During July it was 439 thousand bales compared with 511 thousand in June and 570 thousand in July last year. For the 12 months ending July 31, 1928 it was 6.8 million bales compared with 7.2 million last year and 6.5 million the year before last.

Exports of lint cotton were 331 thousand bales for July, 444 thousand for June and 372 thousand for July, 1927. For the year ending July, 1928 exports were 7.5 million bales against 10.9 million bales in the year 1926-27 and 8.1 million bales in the year 1925-26. The lowered exports during the year 1927-28 were in part due to higher prices, but largely due to the immense stocks of American cotton held abroad at the beginning of the year.

WOOL

Wool prices at Boston the past month have shown little change for fleece wools, but territory scoured showed a general decline of two to three cents except the extreme low grades. Territory 64's, 70's and 80's, however, showed some advance. During the latter part of July and early in August a moderate expansion in transactions took place, especially in fine domestic wools. Demand, however, continued to be irregular.

For the first time this year imports in June began to exceed those of last year. Combing and clothing wool imports for June were 5.6 million pounds, against 4.9 million pounds for June, 1927. Wool consumption in June by reporting mills was less than for June of the two previous years, the total of combing and clothing wool being 29.7 million pounds, as compared with an average for June, 1923-27 of 31.0 million pounds. Machinery activity during June in the weaving industry declined less from May than in the spinning industry, according to returns to the Bureau of the Census.

The preliminary estimate of the amount of wool shorn in the United States in 1928 is 296 million pounds, an increase of 6.5 per cent over last year. Stocks of wool in the United States, as shown by available statistics, were moderately low at the end of the second quarter of this year. The total amount of wool (less carpet) tops and noils held by reporting dealers and manufacturers on June 30 was 332 million pounds, as compared with 339 million pounds on June 30, 1927, and 346 million pounds on June 30, 1926.

According to latest reports stocks in the most important exporting countries are slightly larger than at the corresponding date last year, being 14.3 million pounds the latter part of June for Australia and Argentina, compared with 11.0 million pounds last year. The feature of the foreign market was the decline in wool prices at the close of the fourth series of the London Sales on July 20, but wool prices abroad still show considerable strength.

The following statement is taken from the Sheep and Wool Outlook, August 6, 1928:

"The world demand for wool in 1929 seems likely to continue as good or better than in 1928. Increased business activity, general growth of population, a continuation of the economic recovery of European countries, and increasing industrialization of the Orient will tend to strengthen the demand for wool. Increasing competition from other textiles, on the other hand, will tend to offset to some extent the effect of these factors. In the case of wool as in the case of lamb and mutton the increase in demand seems likely to be met with an increase in supplies of raw material."

HOGS

Hog prices advanced steadily from the middle of June until the third week in July when they reacted slightly after reaching a top of $11.70 at Chicago. Following the reaction the advance was resumed and a new top of $12.60 was made the second week in August, the highest price paid since February, 1927. July average cost of packer and shipper droves at Chicago was $10.65, compared with $9.91 in June, $9.05 in July, 1927, and $12.51 in July, 1926. Wholesale product prices, both cured and fresh, likewise made material advances during the month.

The rise in hog prices is largely seasonal and earlier than usual. Contributing factors to the advance are the rather strong statistical position of the supply situation, and the relatively high prices of competing meats, particularly beef.

Receipts of hogs at 67 markets in July were 4 per cent less than in July last year and local slaughter was 11 per cent less. Apparently market supplies since June 1, as indicated by slaughter, have been about 5 per cent less than a year ago but making allowance for decreased weights of hogs the total pork for this slaughter was about 10 per cent less.

As weights to October 31, the remainder of the crop year, are expected to continue lighter than those of last year and slaughter is indicated to be about the same, market supplies of pork during the remainder of the season will continue less than last season.

Stocks of pork on August 1, were 10.4 per cent less than on July 1, and 2.6 per cent less than on August 1, 1927, but were 6.9 per cent larger than the five year average. Stocks of lard showed a reduction of 43 per cent compared with the month previous but were 14.6 per cent larger than a year ago and 33 per cent larger than the five year average. The net movement of pork out of storage during July totaled 95 million pounds compared with 3 million pounds in July last year. The net movement of lard out of storage amounted to 9 million pounds compared with a net movement into storage of 32 million pounds a year ago.

Exports of pork products in June were 1.4 per cent larger than those for May but were 7.5 per cent less than those of June last year. Exports of lard were 4.7 per cent less than in May and 19 per cent less than in June a year ato.

Average prices are likely to be maintained near present levels until the usual winter decline begins which is usually some time in October.

CATTLE

After developing a marked tendency towards a runaway market in the first half of July when buyers appeared to show little discrimination between grades, especially of lightweight cattle which are in unusually strong demand, cattle prices reacted slightly and developed a more pronounced tendency to follow the usual trends for the season. Lower grades eased downward as supplies of grass cattle increased and the better grades moved upward. In the past week, however, prices of lower grades reacted against the trend and made some recovery. Yearlings and lightweight cattle are commanding a premium over heavy weights and fat heifers are selling almost on a parity with steers. Compared with a year ago beef steers at Chicago are up from $2.40 to $3.60 per 100 pounds with medium grades showing the greatest increase. Prices of the best steers however have not reached the peak of $19 which was recorded near the close of 1927.

Cattle receipts at 67 markets in July were 6 per cent larger than in July a year ago, this being the first month to show an increase over last year. Local slaughter, however, was less than one per cent greater than last year. Stocker and feeder shipments of cattle were almost 37 per cent greater than last year and those of calves 111 per cent greater. With a large corn crop in prospect, fewer hogs to feed and unusually large profits made on cattle fedding operations this year a strong demand for feeder cattle is indicated although there is a belief in some circles that feeder values are too high. With slaughterers competing for all cattle carrying flesh any tendency for feeder values to decline will probably meet with strong buying from finishers.

A decrease of 6 per cent in the number of cattle on feed in the Corn Belt on August 1 compared with a year ago is indicated according to the Crop Reporting Board. Reports of feeders as to the probable weights of their cattle when marketed indicate that the weight of fat cattle during the four months, August to November, will continue to run below last year and that the proportion of heavy steers will probably be less than during this period last year.

Range conditions are reported as being generally good except west of the Continental Divide and in the southwest, although recent rains have relieved the situation in the latter area, an active demand for cattle prevails throughout the range areas but it is reported that present prices may result in rather close selling in places and have a tendency to check restocking.

LAMBS

Lamb prices continued their seasonal decline during July and at the end of the month were about $1.50 lower than at the beginning and $3.50 or 20 per cent below the first week in June. Feeder prices, however, advanced slightly. Lamb prices so far this crop season have followed the same trend of a year ago but at a level around $1.00 to $1.50 above last year's prices. The low point last year was reached early in September.

Receipts of sheep and lambs at 67 markets in July were 13 per cent larger than in July 1927 and were the largest for any July since 1920. Local slaughter was 16 per cent larger than last year and the second largest on record, being exceeded only by that of July 1919. With this year's lamb crop estimated at 8 per cent larger than that of 1927 market supplies during the remainder of the year are expected to continue above those of last year. The larger supplies, however, are expected to find a good demand from Corn Belt feeders and also from slaughterers as higher prices for beef, veal and poultry tend to reduce the competition from these meats and pelt values continue above last year's levels.

BUTTER

Receipts of butter at the principal markets during July were still below receipts for the corresponding month a year ago, but more nearly approached last year's level than at any time since March. Gross receipts at the five principal markets were 75,899,000 pounds, compared with 79,671,000 pounds for July last year, and a five-year average for July of 82,192,000 pounds.

Prices of butter during July continued firm, the average price received by producers for butter on July 15 was 42.4 cents, compared with 42.2 cents in June, and 40.3 cents in July, 1927. The price of 92 score butter at New York averaged 45 cents for the month, compared with 44 cents for June and 42 cents for July last year. During the first week of August prices advanced to 46 cents, indicating that the usual seasonal advance which ordinarily starts during the first half of August is now under way.

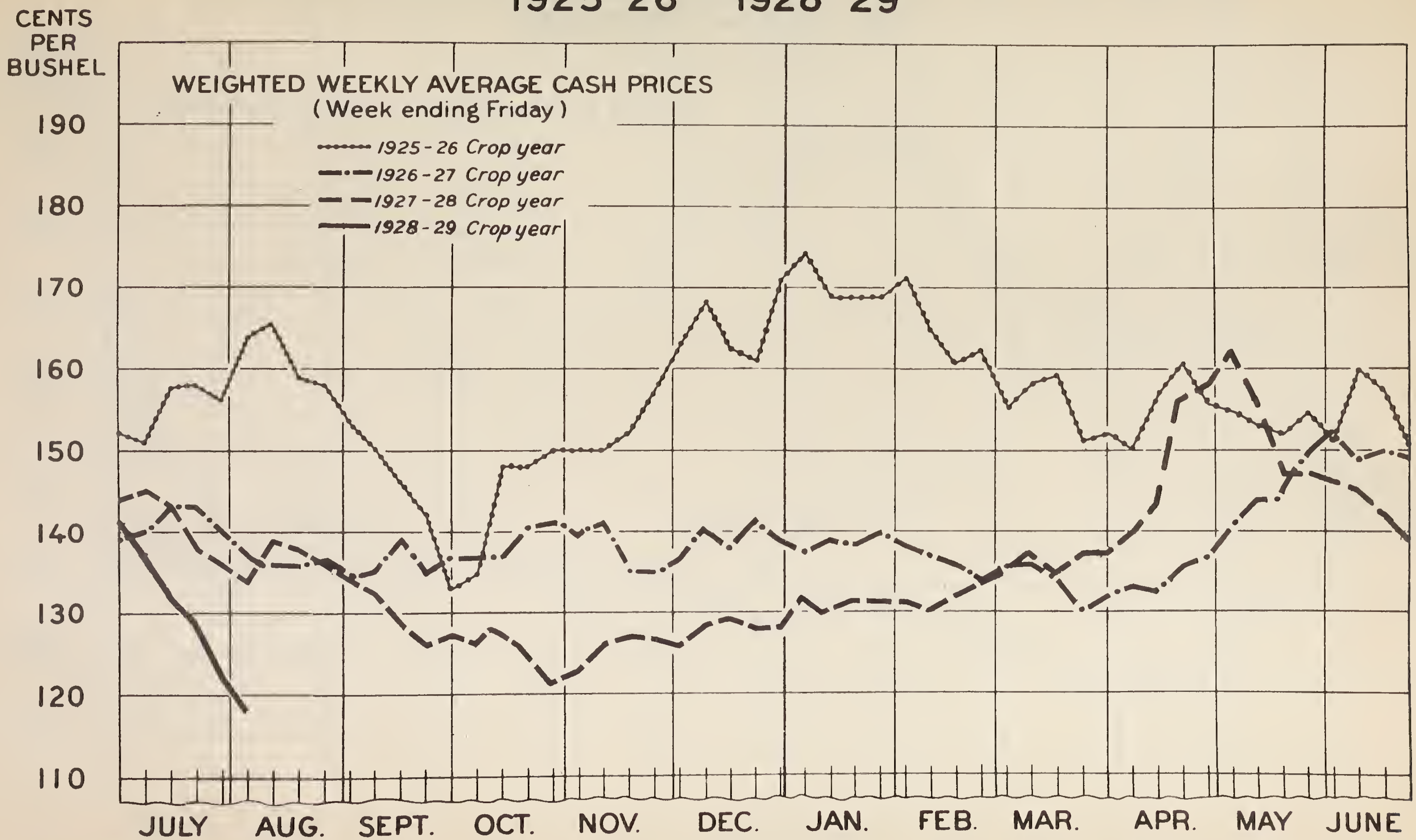
Pasture conditions improved somewhat during July. On August 1 pasture conditions for the United States were reported to be 85.6 per cent, compared with 86.9 per cent on August 1 last year, and a ten-year average of 80 per cent. The improvement in pasture conditions was especially noticeable in the heavy butter producing states of Iowa, Minnesota and Wisconsin where conditions were reported as unusually poor on July 1. On August 1 the condition in these States was reported as averaging 82 per cent compared with 85 per cent last year, and a ten-year average of 79 per cent.

Cold storage holdings on August 1 were still materially below those of a year ago and somewhat below the five-year average. Cold storage holdings on August 1 were 120,327,000 pounds compared with 145,147,000 pounds on August 1 last year and a five-year average of 124,253,000 pounds.

The foreign butter situation continues firm. Copenhagen official butter quotation on August 2 was equivalent to 37.1 cents per pound, the margin in favor of New York over Copenhagen continues at about the eight cent level of recent months.

With pasture conditions still remaining slightly below that of a year ago, and cold storage holdings somewhat below last year, and with the foreign butter situation continuing strong, and the outlook for business activity more favorable than a year ago, it appears likely that the present margin of butter prices over last year will continue for the next few months.

WHEAT: PRICE OF ALL CLASSES AND GRADES AT SIX MARKETS 1925-26—1928-29



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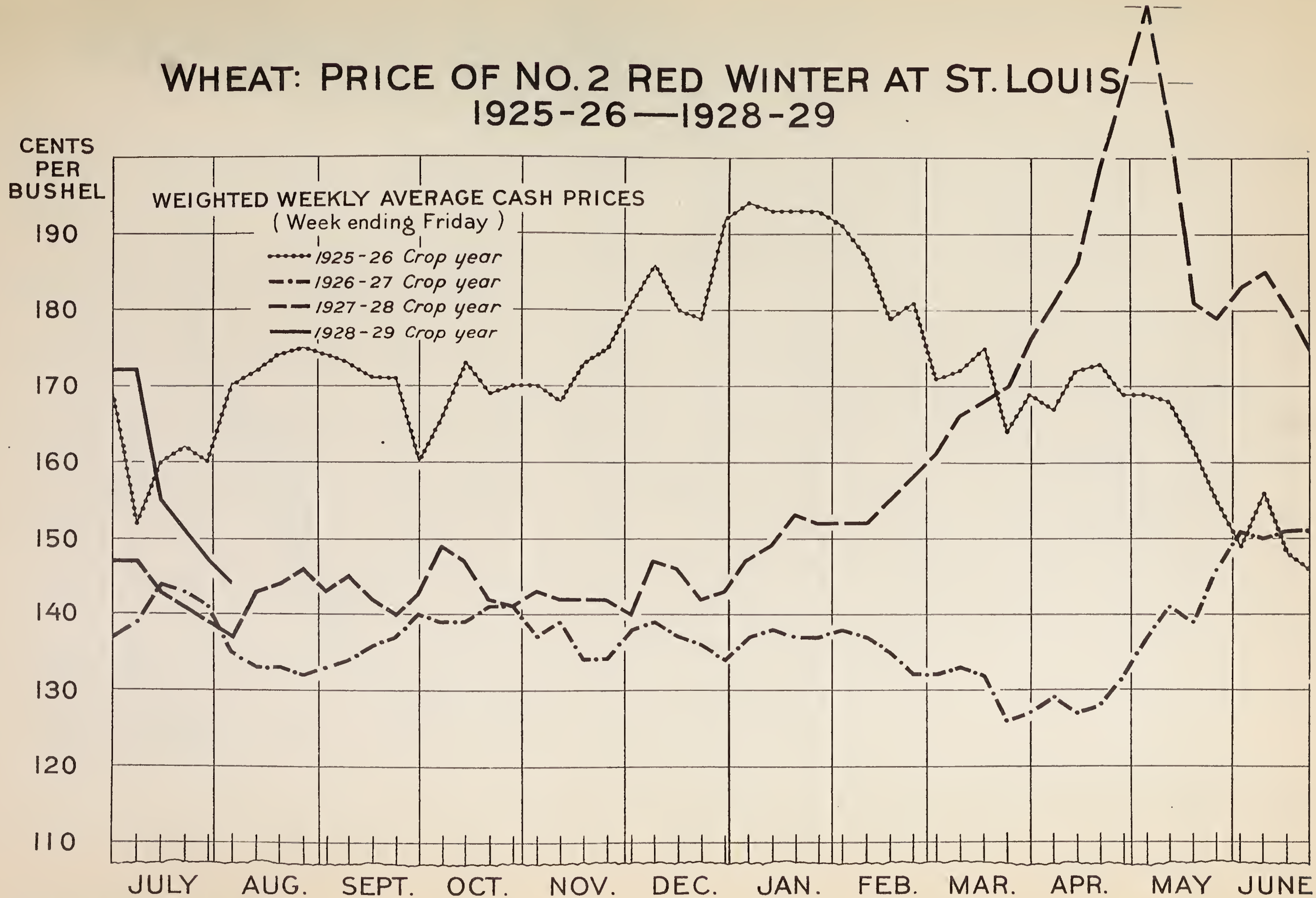
WHEAT: PRICE OF NO. 2 RED WINTER AT ST. LOUIS 1925-26—1928-29



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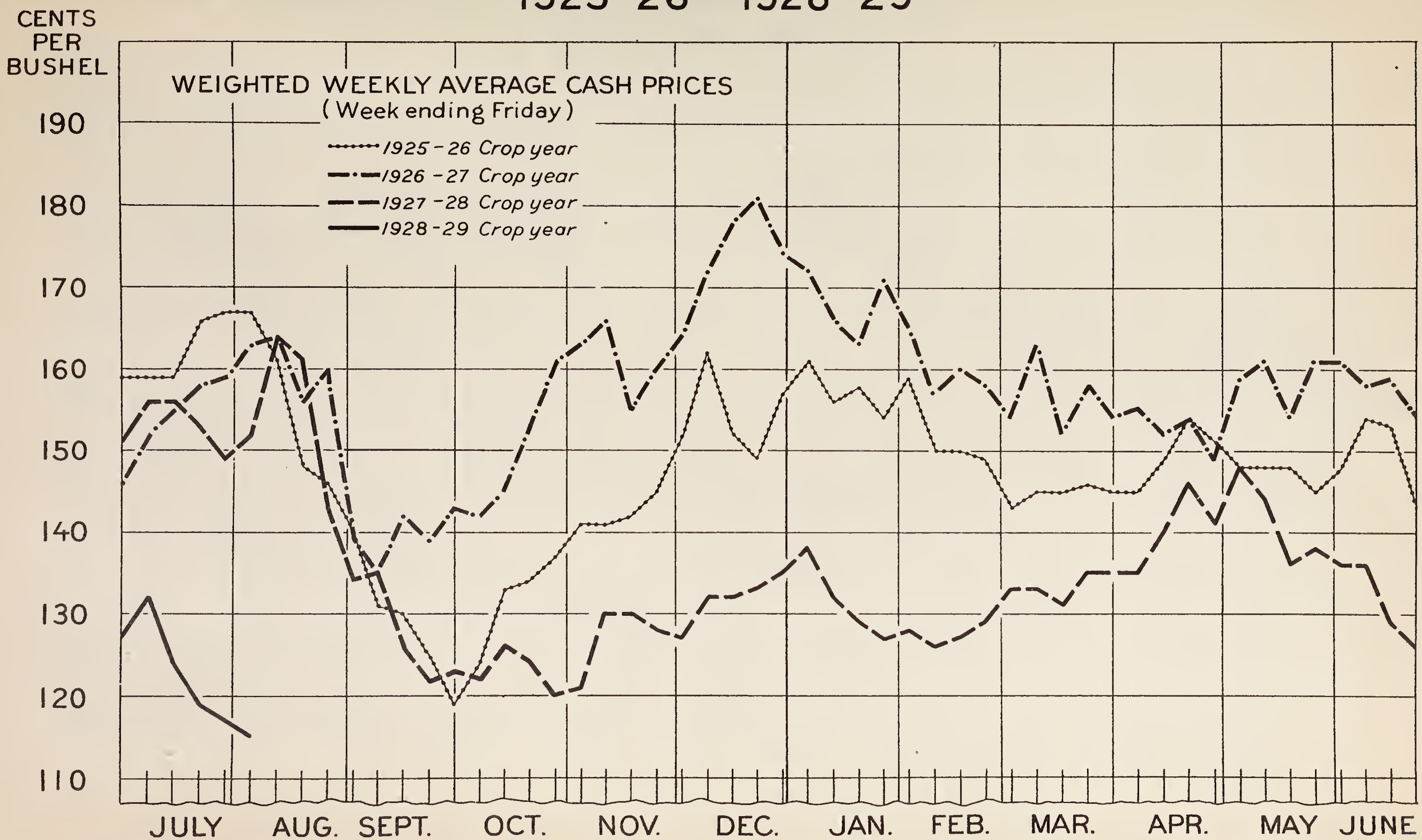
WHEAT: PRICE OF No. 2 AMBER DURUM AT MINNEAPOLIS 1925-26—1928-29



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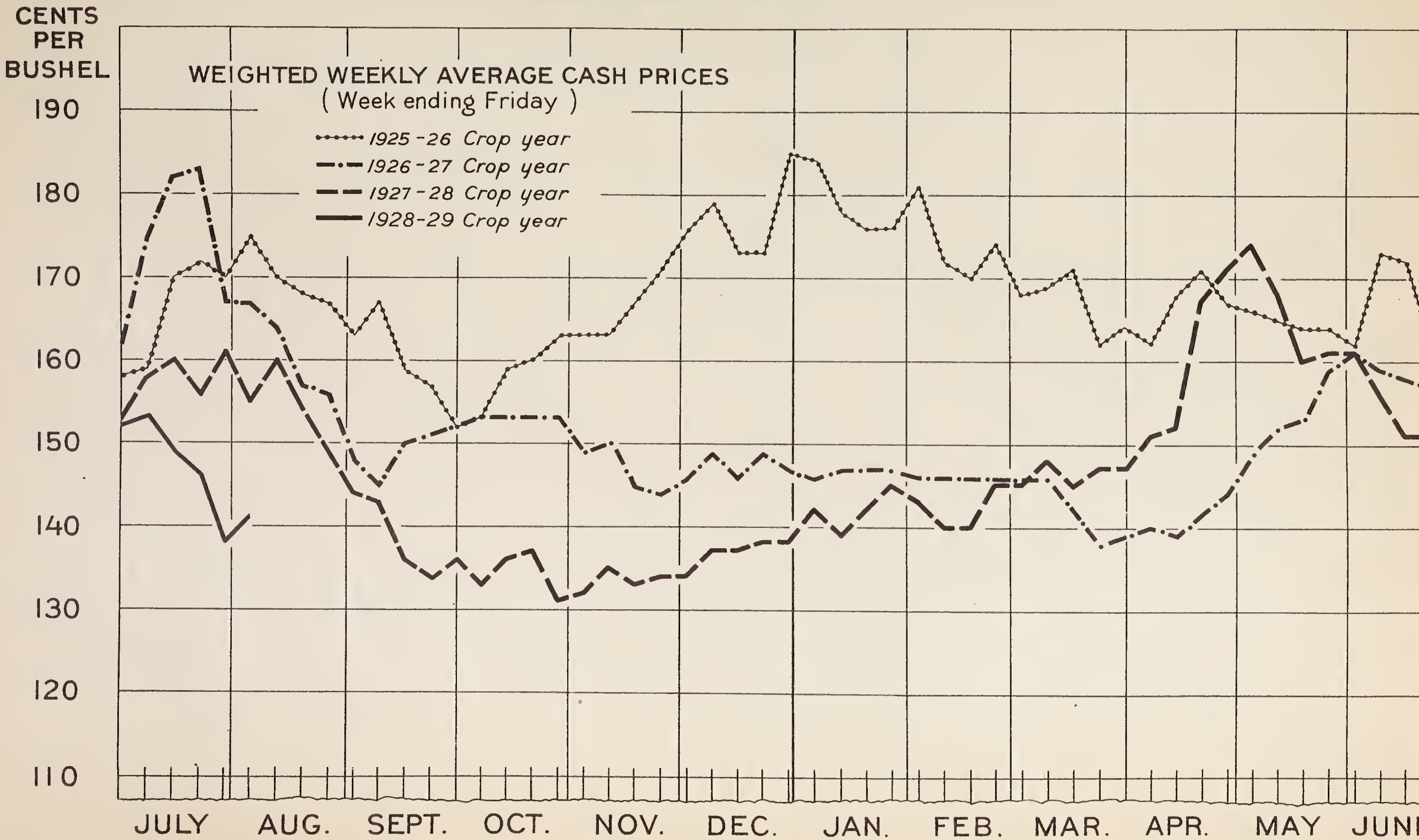
WHEAT: PRICE OF NO. I DARK NORTHERN SPRING AT MINNEAPOLIS 1925-26—1928-29



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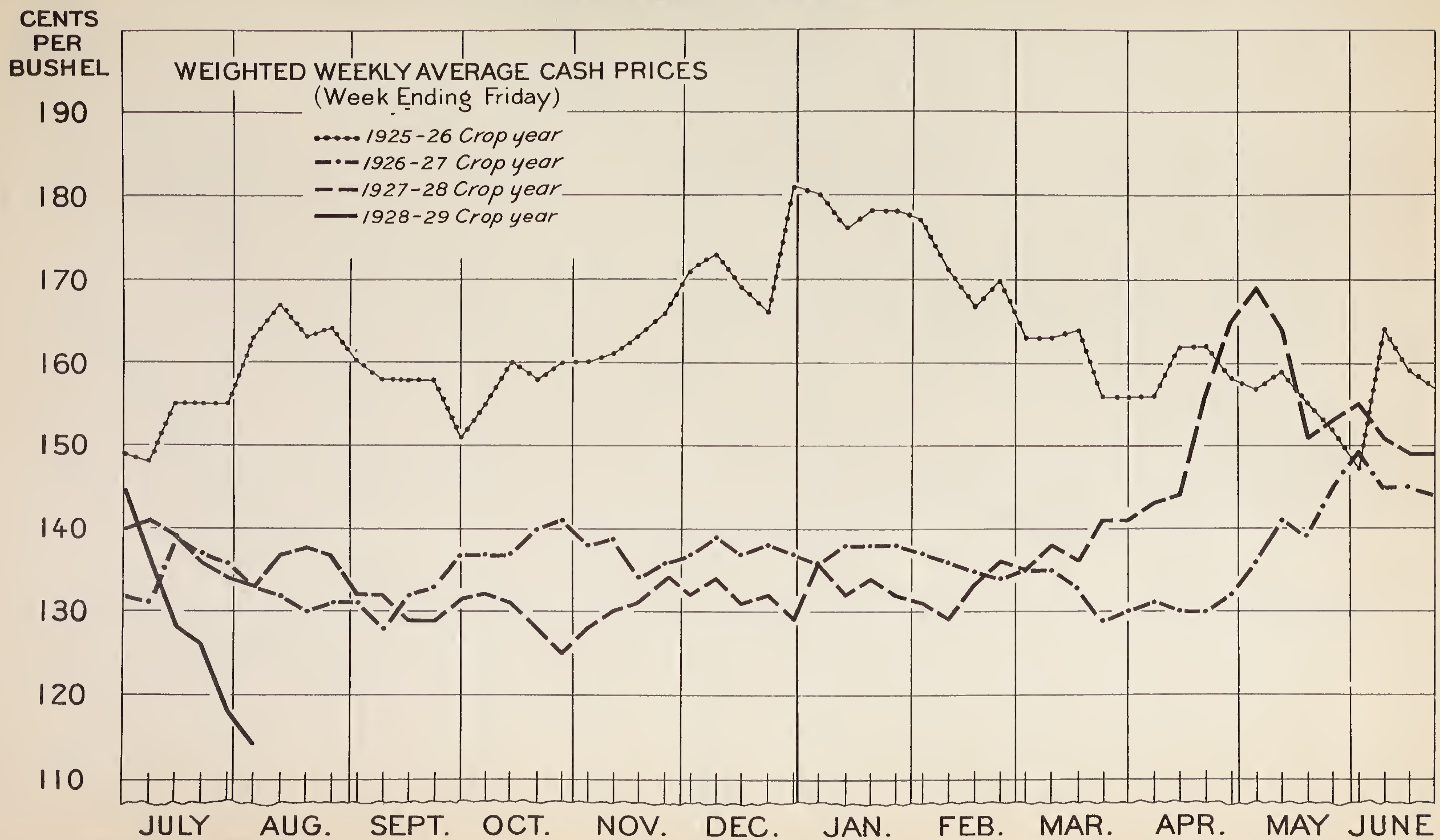
WHEAT: PRICE OF NO. 2 HARD WINTER AT KANSAS CITY 1925-26—1928-29



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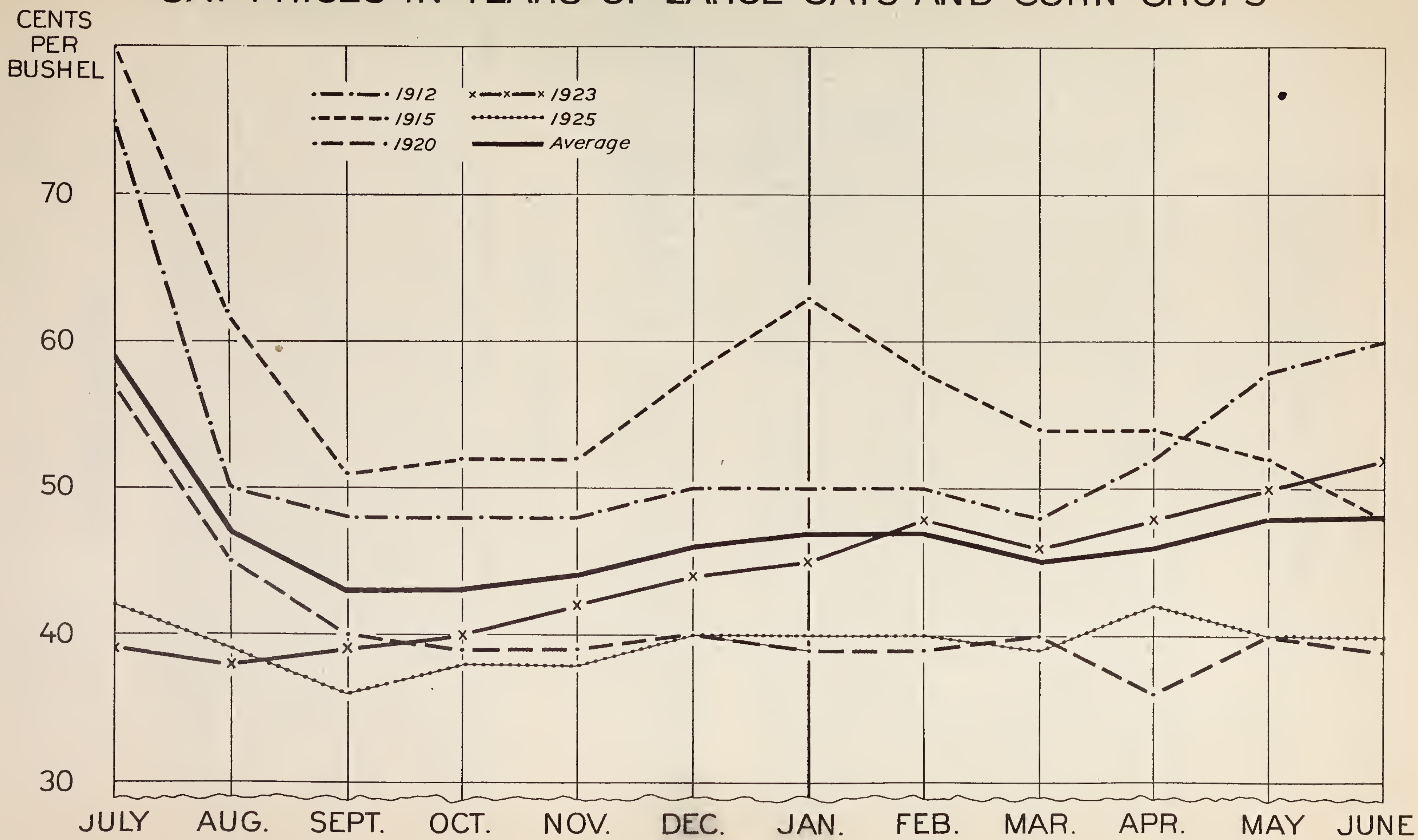
OAT PRICES IN YEARS OF LARGE OATS AND CORN CROPS



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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington, D. C.

For release September 15, 1928

THE PRICE SITUATION, SEPTEMBER, 1928

FARM PRICES

The index of farm prices on August 15 at 139 was 6 points lower than on July 15 and 7 points higher than the index of a year ago. This recession was caused by a general decline in prices of crops which more than offset higher prices of livestock and livestock products. The major decline occurred in wheat, rye, barley, oats, apples and cotton. For the most part these declines represent adjustments toward lower price levels for the season induced by considerably greater production, as in the case of wheat, potatoes and apples; or indications of increased production, as in the case of feed grains. Prices of cattle and hogs were again higher than in the preceding month as a result of smaller market supplies. Sheep and lamb prices declined somewhat. The farm price of both butter and eggs made less than the usual seasonal advance. Further declines in crop prices have taken place since August 15. Although these lower crop prices will be offset by seasonally higher dairy and poultry prices, it is unlikely that the general average of farm prices during the next few weeks will recover the recent declines.

The decrease in the average of prices received from 145 to 139 on August 15 compared with the index of prices paid by farmers of 156 has reduced the relative exchange value of farm products from 93 to 89.

THE GENERAL COMMODITY PRICE LEVEL

Prices at wholesale markets have advanced during the past few weeks to the high level of last May. The Annalist all commodity index (1913 = 100) advanced from 149.8 on August 7 to 152.6 on September 4, compared with 151.5 for May and 147.2 September 6, a year ago. Although farm and food prices are mainly responsible for the higher general average when compared with prices in recent weeks and a year ago, non-agricultural prices have also advanced tho moderately both with respect to recent prices and those of last year. All major groups of wholesale prices are now somewhat above last year's price levels except textiles. With the present level of agricultural prices below that of recent months it would take a considerable rise in nonagricultural prices in the near future to raise the general average of commodity prices above the levels of May - June - July.

BUSINESS CONDITIONS

The outstanding features in the August business situation from data now available, appear to have been further increases in automobile, iron and steel production, reduction in building contracts awarded, in car loadings, and retail sales, continued low textile mill activity, rising interest rates and further advances in industrial stock prices.

On the whole it is probable that business activity in August was not materially different from that which has prevailed in recent months.

Building activity during August was considerably below that of July as was the case last year, but the decline this year has apparently brought the volume of contracts awarded below that of a year ago when the building industry was less active than in 1925 and 1926. The present reduced volume of contracts awarded is being attributed to the higher level of interest rates.

The volume of freight car loadings which in July finally exceeded the preceding year's level increased in August but was below the preceding year's loadings during the last part of the month. This reduction, however, was mainly in coal, grains and livestock. A reduction in retail trade of about 5 per cent in August from August, 1927, about offsets the corresponding increase of 3 per cent of July over July, 1927. Mail order house sales again showed a substantial increase over comparable sales of 1927. Payroll data for August are not yet available to indicate the effect of these changes in business conditions on the buying power of consumers, but the high rate of automobile production and iron and steel operations indicate that factory payrolls made at least a part of the usual seasonal rise in August. In July the Bureau of Labor index of payrolls at 87 was only 2 points under that of a year ago compared with about 6 points earlier in the year.

The financial situation continues to be dominated by rising interest rates and apprehension as to the possible reaction of firm money rates on business activity through its adverse effects on such industries as the construction and other allied industries and the reduction in capital for new enterprises. The effects of the recent advances in interest rates are already seen by some in the lower volume of contracts awarded and in the considerable reduction in new securities floated during August. Despite rising interest rates, industrial stock prices have again risen making new records by the first week in September, as shown by the Dow-Jones index.

WHEAT

Wheat prices generally reached low levels in August and then rose slightly. By the middle of August farm prices had dropped to 95 cents per bushel from an average of 113 cents in July and 132 in June. The price of all classes and grades at six principal markets dropped from an average of 118 cents for the week ending August 3 to 108 the next week, and remained at this level until the last week in the month when it rose to 110 cents per bushel.

The prices of all classes followed about the same course excepting that of soft red winter which began to recover in the second week of August and by the end of the month had recovered to the level of the beginning of the month. The price of No. 2 red winter wheat at St. Louis for the last week of August averaged one cent above that of the corresponding week of last year. This bears out the statement made in June

that the supply of soft red winter wheat was so small that the price level for this season was likely to be near to last year's price level.

The world wheat supply prospects continue about the same as a month ago. Forecasts and estimates of crops in 29 countries of the Northern Hemisphere total about 3,188 million bushels, as compared with about 2,987 million bushels produced in the same countries last year. These countries last year accounted for 84 per cent of the estimated production of the world exclusive of Russia and China. Southern Hemisphere crops are still to be determined. Conditions have been favorable for seeding and prospects for the crops to date appear to be as good or better than at this time last year. Both Argentina and Australia have increased areas. Reports indicate that the Australian crop is now in need of rain. Considering the carryover and the increased production in the Northern Hemisphere, average yields in the Southern Hemisphere would provide a world supply of wheat, outside of Russia and China, about 4 per cent larger than the supply available for last season.

The prospective increase in the world's supply of wheat outside of Russia and China may be offset to some extent by the short wheat and rye crops in Russia, short corn crops in the Balkan countries and smaller potato crops in Northern Europe. Although some European countries have reported better rye crops, the total of estimates received to date still indicates a comparatively short crop. The European rye crop was so short last year as to be a strengthening factor in the wheat price situation. Forecasts and estimates of rye production in 19 countries including the United States total 824 million bushels as compared with 770 million bushels produced in the same countries last year. The Russian rye crop is reported to be considerably less than last year.

The September forecast of production in the United States added 10 million bushels to the spring wheat crop. The forecasts of both the durum and hard red spring wheat crops were increased. Reductions in the estimates of the crops of North Africa have slightly improved the outlook for durum. The hard red spring wheat is facing competition from the Canadian spring wheats in the world markets.

It seems likely that wheat prices in general will hold near present levels during the next month. Prices may fluctuate with reports of crop conditions in the Southern Hemisphere and European buying. The strength of the European demand for wheat may not show itself very definitely until later in the season, when it becomes certain that prices have reached lowest levels and the size of the crops has become more definitely determined.

CORN

Corn prices remained fairly steady during August and the first week of September, but averaged slightly lower during August than during July. The price of No. 3 yellow corn at Chicago averaged $1.02 for August compared with $1.06 in July and $1.09 for August, 1927. The price

received by producers also decreased slightly being 98.2 cents on August 15 compared with 102.4 cents on July 15 and 97.7 cents for August last year.

The tendency for corn prices to remain firm during the summer months in spite of the favorable crop prospects has been due largely to the small supplies in primary markets and the active demand for corn by millers and manufacturers. Receipts at the principal primary markets were slightly less during August than during July, but were nearly four million bushels greater than for August a year ago and three million bushels larger than the five year average of receipts for August. On the other hand, the commercial stocks of corn at these markets decreased from 13,555,000 bushels on August 4 to 8,434,000 on September 8, which indicated an unusual demand for corn at this time of the year. The visible supply on September 8 was the smallest for corresponding date in the past three years.

The September forecast of production was 2,931,000,000 bushels, or only 6 per cent above the crop harvested last year. Should this crop be realized it is not likely that the total supplies for the 1928-29 season will be materially larger than a year ago. The light receipts during recent months in spite of relatively high prices indicate that farm stocks on November 1 are likely to be somewhat smaller than a year ago. With the Commercial stocks materially below last year, prospects are that the carryover of old corn on farms and in primary markets will be somewhat below the carryover of 134 million bushels on November 1, 1927.

Although total supplies during the coming season may not be materially larger than last year, it is not likely that prices will be as favorable to producers as a year ago. The more normal distribution of supplies together with the larger oats and barley crops and the smaller pig crop all indicate that the demand for corn will be less. During the first week in September the December future price of corn at Chicago averaged 75 cents compared with an average of 89 cents for No. 2 mixed cash corn last December.

Corn prices from now until the new corn is available for market will depend largely upon the commercial supplies of old corn available, the demand for corn, and the prospects for the new crop. Should the active demand which has prevailed during the past few months continue into the new season, it is likely that corn prices will remain firm until new corn is available. The lower level of December futures prices, however, indicate that the present level of cash corn prices is not likely to contin into the 1928-29 marketing season.

FLAX

The decline in flaxseed prices at Minneapolis from an average of $2.46 for May to $2.05 for August was somewhat more than the usual seasonal decline. At $2.05 flaxseed prices were the lowest for any month since December, 1921. The farm price of flax on August 15 averaged $1.88 compared with $2.04 in August, 1927.

The decline in prices during the past few months was principally due to the large crop harvested in Argentina in 1927-28 and a weakened demand for flaxseed products. The supply of flaxseed in the United States, Canada and Argentina is the principal factor in determining flaxseed prices in the United States. The 1927-28 Argentine crop was 79,444,000 bushels, compared with 69,091,000 bushels in 1926. The September 1 forecast of production for the United States was 23,448,000 bushels, compared with 26,570,000 bushels harvested last year. The first preliminary estimate of the Canadian crop was 4,196,000 bushels, compared with 4,885,000 bushels harvested last year. The Argentine acreage seeded for harvest the coming winter is reported to be the largest on record and conditions appear to be favorable for another good crop.

Stocks of flaxseed in primary markets of the United States September 1 were 317,000 bushels compared with 584,000 a year ago. Stocks in western Canada on the same date were 530,000 bushels compared with 1,496,000 bushels last year. There are no reports of the exportable surplus of flaxseed remaining in Argentina on September 1, but deducting exports from supplies available at the beginning of the season leaves approximately 6,500,000 bushels more for export than remained on September 1 last year. This more than offsets the smaller stocks in the United States and Canada and leaves slightly over 5,000,000 bushels increase in stocks in these countries over September 1 a year ago. Furthermore, stocks of linseed oil have increased. According to the report of the Census, stocks on June 30 amounted to 189 million pounds compared with 153 million pounds a year previous.

Demand for flaxseed products seems somewhat weaker than a year ago. Linseed oil prices are low. Although linseed meal prices have been somewhat higher during the past nine months than in the corresponding months of last year, on account of the active demand both in this country and in Europe, present prospects are that this demand may be weakened by larger supplies and lower prices for other feedstuffs. Improvement in the business situation would probably strengthen the demand for linseed oil and thereby maintain or strengthen the demand for flaxseed.

The trend of flaxseed prices during the fall and winter months will be affected somewhat by prospects for the 1928-29 Argentine crop, the outlook for feed grains, building activity and business conditions. Should the Argentine crop turn out to be equal to or greater than last year's crop, it probably would not be so profitable for farmers to hold flaxseed this year as it was last year when the price of No. 1 flax in Minneapolis advanced from $2.13 in October to $2.46 in May.

COTTON

Cotton prices continued to fluctuate markedly during August. The price of middling spot cotton at the 10 designated markets averaged 18.47 cents per pound during the last two weeks in August and 18.1 cents during the first week and a half in September. For the month of August the average price was 18.72 cents compared with 21.25 cents for July and 19.16 cents for August last year. The average price received by producers was 18.8 cents per pound on August 15, and 21 cents on July 15 as against 17.1 on August 15, 1927. On September 12 the price of middling spot cotton at New Orleans was 17.54 cents per pound. Last year's average price was 19.98 cents.

The Crop Reporting Board forecast production at 14,439,000 bales on September 1, or essentially the same as on August 1. If the present forecast is realized then the production will be approximately 1.5 million bales greater than it was last year. Private estimates of the world's carryover of American cotton indicate that this increase in production may be more than offset by a 2.7 million bale reduction in the world carryover. The New Orleans Cotton Exchange estimated the world carryover of American cotton this year to be 5,078,000 bales and the Garside Cotton Service, now estimates it to be 5,082,000 bales. The decrease in cotton stocks has been general. Mills in the United States have been reducing their stocks since January, and on August 1 had smaller stocks than at any time since October, 1926, and 395,000 bales less American cotton than on August 1, 1927, according to reports of the Bureau of the Census. During the month of August they still further reduced their stocks of American cotton to 705 thousand bales, making them the lowest since August 31, 1925. The above private estimates of the world carryover show that there has been a similar reduction of nearly one and one-half million bales in the carryover of American cotton outside the United States, about one-half million bales of this occurring in foreign mills stocks. Last year the world carryover was 7.8 million running bales and the ginnings after August 1 were 12.8 million 500 pound bales, giving a composite total of 20.6 million bales, so that a net reduction of 1.2 million bales is now indicated for this year.

The International Federation reports world mill consumption of American cotton for the year ending July 31, 1928, as 15,407,000 bales. For the year ending July 31, 1926, it was 15,777,000 bales and since there was a decrease of 340,000 bales in domestic consumption for the year, this indicates that foreign consumption was practically unchanged.

Domestic consumption for August was 527 thousand bales, compared with 439 thousand for July and 635 thousand for August, 1927, according to the Bureau of the Census. Exports of lint cotton were 253 thousand bales for August, 331 thousand for July, and 322 thousand for August last year.

Production of textiles, according to reports of the Association of Cotton Textile Merchants of New York, increased from a weekly average of 55 million yards during July to a weekly average of 60 million yards for August. The ratio of sales to production, moreover, was 112.7 per cent compared with 84.5 per cent for July. As a result stocks of finished goods have been reduced 4.6 per cent during the month.

WOOL PRICE SITUATION

Trading in wool on the Boston market the past month was very irregular on almost all of the principal grades of domestic wools. Prices of territory wools declined about 2 to 4 cents (scoured basis) for most grades, while prices on fleece wools remained fairly steady. Uneven domestic demand and easier prices in Australia at the opening series of the new season have been factors contributing to the decline in territory wools. The average price received by producers in August was 37.0 cents per pound compared with 37.6 cents in July and 31.2 cents in August, 1927. Boston prices for 56's strictly combing Ohio fleece continued about the same, averaging 55 cents per pound during the week ending August 4 and 54½ cents per pound for the week ending September 1, grease basis. Strictly combing fleece 56's scoured, remained unchanged at $1.01 per pound. The territory wools for this grade decreased from $1.04 to $1.02½ per pound. The most pronounced change came in the higher grade territory wools, 64's, 70's, 80's, fine clothing, scoured, going from $1.10 for the week ending August 4 to $1.02½ for the week ending September 1.

Domestic imports of combing and clothing wool are now turning upward, the total for July being 4.3 million pounds, as against 3.5 million for July, 1927, and an average of 4.8 million pounds for July, 1923-27. Earlier in the year the spread between domestic and foreign prices was insufficient to attract large imports to this country.

Consumption of combing and clothing wool in the United States by reporting mills was moderately low in July being 28.6 million pounds compared with 30.3 million pounds for July, 1927, and 30.5 million pounds during July for the average of the past 5 years. Activity in the European manufacturing industry is somewhat less than it was last month.

In Germany unfilled orders in the worsted yarn industries in August were considerably below those of last year, with buyers holding off and stocks of yarn at mills increasing according to a cable from Acting Agricultural Commissioner Steere at Berlin. Manufacturers of knitting yarn, however, were well occupied. Prices of wool and tops, the first half of August were slightly weaker. The wool market in France has been quiet but a revival is expected in September. Business in the Bradford wool tops and yarn market was slow the last of August,

and demand for piece goods was weaker with mills working only four days a week, according to Consul Thompson.

The selling season opened at Sydney on August 20 with prices of greasy wool 2 to 4 cents lower than opening sales of last year, according to Consul General Lawton. Fleece wools were 5 to $7\frac{1}{2}$ per cent lower, while skirtings were unchanged. Competition was strong for good fleeces and skirtings, but less active for inferior fleeces.

CATTLE

Cattle prices were steady to slightly higher in August pared with July, and in early September the better grades sh pronounced tendency to make their usual seasonal advance a decreasing supplies. Because of recent scarcity of heavy prices on best grades of these kinds have advanced faster tha lightweights and for the first time since early in the year have occupied the top position.

The general cattle market is at the highest levels since 1919. Compared with a year ago average prices of choice and prime steers at Chicago are up $2.90 and those of medium grades $4.00 per 100 pounds, but top prices are still 40 cents below the peak of $19 reached in late 1927. Arrivals of grass cattle at market have not yet been sufficient to bring about the usual seasonal declines on the lower grades.

Inspected slaughter in July was 11 per cent less than in July 1927, and the smallest for that month since 1921 which was a year of extremely small slaughter. August slaughter apparently showed a still greater decrease as indicated by the 21.7 per cent reduction in local slaughter at 67 markets.

Pasture and range conditions in most sections are very favorable and with a large corn crop indicated, a strong demand prevails for stocker and feeder cattle. This tends to increase the competition for supplies of cattle suitable for slaughter. Stocker and feeder shipments from 12 markets into 7 Corn Belt States during July and August were 32 per cent larger than a year ago but 6.5 per cent less than in those months of 1926.

The unusually strong position of the range cattle industry has probably delayed the movement of range cattle to market, but reports indicate that close selling will take place. Although increased marketings of these kinds during the next two months and probable larger supplies off of grass are in prospect, the general cattle price outlook indicates a maintenance of approximately present price levels rather than any further material advance with seasonal declines less than usual.

HOGS

The rise in hog prices which has been pronounced since early in April continued throughout August and a top price of $13.50 was reached at Chicago early in September. Prices are now at the highest levels for this season of the year since 1926, the average being about $12 per hundredweight, or $4 above that of last winter. In 1924 at the beginning of the previous cycle, prices started their upward movement in July from an average of around $7 and reached a seasonal peak of $11 in October.

The seasonal advance this summer was stimulated by the sharp reduction in market supplies, especially supplies of hogs suitable for the fresh pork trade, and by the high prices of beef. Inspected slaughter in July was 13 per cent below that of a year ago and was the second smallest for that month since 1921. August inspected slaughter apparently showed a still greater decrease as indicated by the 26 per cent reduction in local slaughter at 67 markets. This sharp curtailment in market supplies of hogs resulted in an unusually heavy movement of pork and lard from storage. Total storage stocks of pork on September 1 were 16.6 per cent less than on August 1, and 11 per cent less than on September 1, 1927. Stocks of lard showed a reduction of 13 per cent under the previous month but were 6.7 per cent above those of a year ago. From July 1 to September 1 the movement of pork out of storage totalled 232 million pounds, compared with 78 million in the corresponding period last year. The out movement of lard was 36 million pounds, whereas last year storage stocks increased 20 million pounds between July 1 and September 1.

The pork and lard export situation shows a slight improvement. Exports of pork during July were 5 per cent greater than in July, 1927, but were 4 per cent less than the three year average. Exports of lard were 13 per cent greater than a year ago and almost 12 per cent larger than the three year average. Prices of pork and lard in foreign markets have made seasonal advances about in line with the advances made in this country.

Hog prices usually start their seasonal winter decline in late September or October, but it is likely this year that the drop will be less than usual because with fewer pigs raised, a larger corn crop and fewer cattle to feed there will be a tendency to hold hogs for heavier feeding and probably for expansion of production, all of which will tend to keep down the number of hogs coming to market in the fall and early winter.

LAMBS

The seasonal decline in lamb prices, which started early in June and continued throughout July and most of August, was followed by a sharp upturn the last week in August and in early September. In the decline from the June peak, average prices at Chicago dropped from about \$18 to \$14 but have since advanced to around \$15 per hundredweight. During most of the summer, however, prices have averaged higher than in any previous corresponding season in recent years, notwithstanding that a larger lamb crop was raised and that slaughter supplies have been larger than in any year since 1921. Receipts at 67 markets in August were about 7 per cent greater than a year ago. Stocker and feeder shipments increased 45 per cent. Local slaughter declined 3.5 per cent. August prices were above those for August, 1927, to the extent of 75 cents for feeding lambs, \$1.00 for slaughter lambs, and from \$1.00 to \$1.75 for dressed lambs.

Factors accounting for the high lamb prices are the increased pelt values, a higher general price level for all commodities, higher prices for competing meats such as beef, veal and poultry, and the strong demand for feeding lambs. No material change in these factors is indicated during the next few months.

BUTTER

Butter prices made the usual seasonal advance during August and the first week in September. The price of 92 score butter at New York advanced from 46 cents the first week in August to 49 cents on September 5, which was 4½ cents higher than at the same time a year ago. The price of 92 score butter at New York during August averaged 47 cents compared with 42 cents for August last year and was the highest average price for any August since 1920. The farm price of butter on August 15 was 42.8 cents compared with 39 cents for August last year and the farm price of butterfat was 44.3 cents against 38.8 cents a year ago.

The higher prices for butter during the past few months have been due to smaller receipts at primary markets, smaller cold storage holdings and the continued active demand for dairy products. Receipts at five markets during August continued below those of a year ago, gross receipts being 64,182,000 pounds for August, 1928, compared with 68,056,000 pounds for August, 1927. Creamery butter production for July was 1.6 per cent below production during July a year ago and for the seven months ending July 31 was 2.8 per cent below the corresponding period last year.

Cold storage holdings also continued materially below last year and on September 1 were slightly below the five year average, 1923-1927, being 136,136,000 pounds compared with 163,701,000 pounds on September 1 last year and a five year average of 137,885,000 pounds.

The European butter situation continues firm but the seasonal advance in prices in August did not equal the advance made in this country. During July the margin in favor of New York over Copenhagen averaged about 8 cents. During August this margin increased to 9 cents and by the first week in September had increased to 10 cents. Should this margin in favor of New York prices continue to increase at the present rate it is possible that imports of foreign butter will become a factor in determining the domestic prices sooner than usual this year.

Pasture conditions in the United States on September 1 were about equal to those of the same date last year but were materially better in the heavy butter producing states where conditions were unusually poor a year ago. The price of feeds will soon become a more important factor in dairy production. The present outlook is that the price of home grown feeds in the dairy section will probably be somewhat lower this winter than it was last year which will tend to increase production. Although the hay crop is somewhat smaller than a year ago, the larger carryover from last year's crop gives a total supply of 102 per cent of the five year average. The present outlook is that the supply of other home grown feeds will be somewhat larger than that of last year. The price of manufactured feeds which is affected by the price of home grown feeds is also likely to be below the prices which prevailed a year ago.

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington, D. C.

For release October 15, 1928

THE PRICE SITUATION, OCTOBER, 1928

FARM PRICES

The index of farm prices on September 15 at 141 was 2 points higher than on August 15 and only 1 point higher than the index of a year ago. This two-point rise was caused by further advances in prices of livestock and livestock products, which more than offset lower prices of cotton, grains, fruits and vegetables. During the four weeks that have elapsed since September 15, there has been a reversal in the trends of important farm prices. The recent upward trend in hog prices has given way to considerable seasonal weakness, the decline amounting to about $2.50 at Chicago between September 15 and October 8. Lamb prices declined about a dollar and cattle prices also declined somewhat. On the other hand, cotton and wheat prices have made considerable recoveries from the low points reached in September.

Relative to the probable trend in the general average of farm prices to the end of this calendar year, it is to be noted that usually the normal downward trends in livestock, vegetable and grain prices more than offset the usual seasonal rise in prices of dairy products and eggs, and that the index in December is usually lower than in September. This season the general level of farm prices by the end of the year is not likely to be materially different from the present.

THE GENERAL COMMODITY PRICE LEVEL

Wholesale market prices reached the highest level so far this year during the second week of September and have declined since then from 153.5 to 150.9 on October 2 (according to the Annalist index). Last year at this time the wholesale price index of all commodities averaged 148.9. The recent decline in the average was due almost wholly to lower prices for farm and food products. Textile, fuel, metal and building material prices made further moderate advances, averaging higher on October 2 than in the past few weeks. An upward tendency in nonagricultural prices such as has been evident recently has in the past been indicative of strength in the general business situation.

BUSINESS CONDITIONS

The rising trend in nonagricultural prices which has been in progress on a moderate scale since last fall has been accompanied by

a continued recovery in general business conditions from the recession of last winter. In August the recent gains in business activity were maintained by an unusual increase in production of manufactures and minerals, which was partly offset by a decline in building activity. In September automobile and iron and steel production appear to have been maintained at high levels and textile mill activity showed a substantial increase from the recent recession. In the building industry contracts awarded in September recovered from the decline in August and were higher than any month on record. The increase over last year is entirely in contracts for industrial buildings. This increased activity in basic industries is also reflected in car loadings. Up to September loadings have generally been under last year's level, but recently loadings have equaled those of a year ago. This favorable comparison is due to an increase in loadings of miscellaneous goods. There has been some recovery from the business recession which occurred in the latter half of 1927.

Financial statistics for the first week of October indicate a larger volume of bank loans for commercial purposes compared with loans in recent weeks and a year ago. These loans together with the recent trends in industrial activity and in nonagricultural prices suggest at least a maintenance of business conditions to the end of this year equal to that at the present time. The chief unfavorable factor is the higher level of interest rates, which, however, declined slightly for about the first time in the past year toward the end of September.

On the whole, the current business situation is a favorable factor in the domestic demand for farm products.

WHEAT

Wheat prices generally continued low in September. Farmers reported an average price of 94 cents per bushel as of the middle of September, compared with 95 cents in August and 119 cents in September, 1927. The prices of all classes and grades at six principal markets increased from 107 cents per bushel the second week in September to 111 cents the week ending September 28. October began with lower prices, averaging 107 the first week, the drop being caused largely by heavy sales of durum at low prices.

Soft red winter wheat prices continue about on a par with last year. The price of No. 2 soft red winter at St. Louis the first week of October averaged 148, compared with 149 for the corresponding week in 1927. Other classes of wheat are generally from 10 to 20 cents under the prices of a year ago. Hard winter protein premiums are somewhat less, but spring wheat protein premiums at Minneapolis are running somewhat higher than last season.

The world wheat supply outside of Russia and China now appears likely to be 5 per dent larger than the supply available for last season, but this increase will be offset in part by an increase in demand for wheat. Forecasts and estimates of crops in 31 countries of the Northern Hemisphere total 3,235 million bushels, compared with about 2,996 million bushels produced in the same countries last year, an increase of 8 per cent. These countries last year accounted for 85 per cent of the world's production exclusive of Russia and China. Conditions continue to appear favorable for good crops in Australia and Argentina.

Short wheat and rye crops in Russia and short wheat crops in Turkey and in North China will provide a market for some of the increase in production. Short corn crops in the Balkan countries will also cause an increase in the consumption of wheat in the countries which are in the habit of consuming large quantities of corn as food. The European rye crop is now reported to be larger than last year but not so large as the crop of 1925. Forecasts and estimates of rye production in 19 European countries now total 815 million bushels, compared with 751 millions last year and 876 millions in 1925. The absence of Russian exports will strengthen the market for rye and consequently the wheat market.

Prospects are in general that wheat prices will hold near present levels during the next few weeks, with fluctuations due to reports of crop conditions in the Southern Hemisphere and European buying. The closing of the Lakes about the first of December will temporarily affect competition from Canada. A continuation of low prices will lead to an increased consumption. Ultimately the market will be strengthened by more material evidence of the real demand for wheat. Prices of soft red winter wheat should continue at about present levels and may go somewhat higher before the year ends. Some increase in price is to be expected in hard red winter and spring wheats before the end of the season.

CORN

Corn prices were a little lower in September than in August, the farm price for the United States being 95 cents per bushel as against 98 cents in the preceding month. The price of No. 3 yellow at Chicago averaged $1.00 in September as compared with $1.02 in August. During the first half of the month prices tended slightly upward and the rise was well maintained until the last week of the month when they fell about 10 cents per bushel, No. 3 yellow at Chicago averaging 97 cents for the week ended September 28. The first few days of October saw corn regain most of the value it had lost during the latter part of September, the average price of No. 3 yellow going above $1.00 on October 4 and continuing at about

$1.03 for the next four days. The drop in cash corn at the end of September seems to have been due largely to a temporary situation. A considerable amount of open commitments in the September future were outstanding until late in the month, and the drop in cash corn accompanied the liquidation of these contracts.

September brought but little change in the underlying comditions affecting corn prices, and such changes as there were indicate a higher price for the coming season than was indicated a month ago. The Crop Reporting Board's forecast as of October 1 was 2,903 million bushels - approximately one per cent smaller than the crop indicated by September 1 conditions. A crop of 2,903 million bushels would be less than five per cent greater than that of last year, and last year's corn crop was estimated to be almost exactly the same as the average for the five years 1922 to 1926.

Stocks of old corn appear to be very low. According to reports to the Bureau of Agricultural Economics, commercial stocks of corn on September 29 were 5.5 million bushels as compared with 22.7 million bushels a year ago. Though Government estimates of farm stocks will not be available for nearly a month, all indications are that stocks on farms are much lower than a year ago. These stocks, together with the recent active commercial demand and indications that the European crop is smaller than last year's, are strengthening tendencies in the corn market.

The other side of the situation must not be lost sight of, however. Indications are that the oats crop is 269 million bushels greater than last year, and the barley crop 87 million bushels greater. Combining corn, oats, and barley on a weight basis it appears that the 1928 total supplies of these three feed grains will be 7.1 per cent greater than last year and 5.7 per cent greater than the average of the five years 1922 to 1926. This plentiful supply of feed grains, together with the prospect that fewer hogs will be fed this winter, suggests that the demand for corn will not be so well maintained in the coming year as it has during the past few months.

The present strong commercial demand combined with the small stocks remaining from last year's crop suggests that the seasonal decline which usually comes with the opening of a new crop year will be relatively late this year. In view of the abundant crops of feed grains and the prospect that feed requirements will be less than last year, a decline greater than is usual is indicated. Similarly the seasonal upswing of prices which is to be expected in late spring or summer is likely to be more than usual, but the course of prices at that time will be depěndent largely upon the prospects for next year's crops.

COTTON

After sagging during the middle of September, cotton prices recovered, middling spot cotton averaging 18.22 cents per pound at the ten designated markets during the first ten days of October. During the month of September the average was 17.72 cents, compared with 18.72 cents during August, and 21.19 cents during September last year. The average of prices received by producers was 17.6 cents for September, 18.8 cents for August, and 22.5 cents for September, 1927.

The Crop Reporting Board's October 8 forecast of production was 13,993,000 bales or 446 thousand bales below the production forecast on September 8. The production last year was 12,955,000 bales. As pointed out last month, the New Orleans Cotton Exchange and the Garside Cotton Service both place the world carryover of American cotton on August 1, 1928, at slightly under 5.1 million bales. Last year there was a carryover of 7.8 million bales. Therefore, although the October 8 forecast shows an increase of 1 million bales over the 1927 production, there has been a decrease of 2.7 million bales in the carryover, leaving the present indicated world supply of American cotton 1.7 million bales lower than for last year.

Exports have started their upward seasonal movement, being 810 thousand bales of lint cotton for September, compared with 253 thousand bales for August and 620 thousand bales for September, 1927.

Although activity in the spinning and weaving branches of the cotton industry experienced some further decline over most of continental Europe, according to reports from Agricultural Commissioner Steere at Berlin, there are indications that the low point will soon be reached generally. Activity has been reduced to a point probably below the normal rate of goods consumption and with some recent seasonal increase in incoming orders, manufacturers are now generally more optimistic as to the future.

Domestic consumption has increased materially from the mid-summer low point. During July it was 439 thousand bales, for August it increased to 527 thousand and for September, which had 5 Sundays and one holiday, it was 492 thousand bales. In the same respective months of 1927 it was 570 thousand, 635 thousand and 627 thousand bales, of 1926 it was 462 thousand, 501 thousand, and 571 thousand bales.

The production of textiles has also increased since July, according to reports of the Association of Cotton Textile Merchants, the weekly average production being 55 million yards for July, 60 million yards for August and 63 million yards for September. The ratio of sales to production rose from 84.5 per cent for July, to 112.7 per cent for August, and 152.6 per cent for September. Although stocks

of finished goods remain relatively large, being 417 million yards, unfilled orders at the end of September amounted to 398 million yards, the highest for any month since October, 1927.

WOOL

The demand for wool on the domestic market the latter part of September was fairly strong and prices remained steady for medium grades, but declined somewhat for fine wools. Medium grades (56s, 3/8 blood) averaged 55 cents for strictly combing the last week in September or about the same as the month previous. Fleeces scoured 56s averaged $1.00 to $1.03 the last week in September, and $1.00 to $1.05 the last week in August. Nearly all classes of 64s, 70s and 80s showed some decline. The average price received by producers on September 15 was 36.5 cents as compared with 37 cents for August 15 and 31.2 cents for September 15, 1927.

The 5th series of the London Wool Sales opened September 18 with prices generally below the closing rates of the previous series. Toward the end of the month prices showed a further lower tendency and closed 10 to 15 per cent below the close of the preceding series. In Australia the second series of the Sydney Wool Sales opened October 2 with prices about 5 per cent below the close of the previous series. These lower prices have been associated with indications of a larger clip in the important producing countries, and lessened activity in consuming centers.

Domestic consumption of combing and clothing wool by reporting mills during August was 31.7 million pounds grease equivalent, as compared with 36.3 million pounds for August, 1927 and an average of 33 million pounds for August 1923-27. The August consumption showed the usual seasonal upward movement. Imports of combing and clothing wool during August declined somewhat from July. During August they were 4,090,000 pounds compared with 4,271,000 pounds in July, and 5,873,000 pounds for August, 1927. The domestic market has lost an important strengthening factor in the decline in wool prices abroad, but the supplies in the United States do not appear excessive and business conditions indicate a satisfactory consumptive demand.

POTATOES

The price of potatoes received by all producers on September 15 averaged 65 cents per bushel, compared with 73 cents on August 15 and 107 cents a year ago. At the large wholesale markets similar declines took place between August and September, and there were further declines from the middle of September to the first week in

October except at the Philadelphia and Baltimore markets. Both the prices received by producers on September 15 and the market prices in the first week of October were about 40 per cent below last year's level. This lower level and the downward trend during the fall months of the potato season were indicated in the August Price Situation as typical of years of large or record potato crops such as is in prospect this year.

The forecast of production based on October 1 conditions has not altered recent indications of a record crop, now estimated at 464 million bushels, compared with 407 last year, 394 for the 5-year period 1922-26, and 452, the preceding record crop of 1922. The chief factor which might make the actual outturn of the crop less than now estimated is the effect that the unusually low price now prevailing may have on the amount of potatoes left in the fields. In 1922, when prices were as low as they are now, the total supply as finally estimated in December exceeded the October indications, but the volume of potatoes shipped to central markets from commercial areas in that year appears to have been relatively small in relation to the total supply. Probably, as a result of that fact, prices strengthened after December. Similar advances took place during the latter part of the 1923 and 1924 seasons when the total supply was large, but in none of these years was the general rise sufficient to cover shrinkage and loss from all causes and other costs of holding. The experience in some local situations may, however, have been otherwise.

APPLES

The farm price of apples on September 15 declined further to 97 cents per bushel from 106 on September 15 and 156 a year ago, reflecting the larger total apple crop now in prospect. The forecast of production from October 1 conditions is for a crop of 178 million bushels compared with 123 last year and an average for the 5-year period 1922-26 of approximately 200 million bushels. Usually the general average of farm prices of apples for the country as a whole advances from about September-October to the end of the season, the advance being considerable in some years and only moderate in others. This year's total supply is approximately equal to the 172 million bushels of 1924 and 1925. In 1924 prices advanced about 50% between September and May, but in 1925 the advance was only about 25%. The smaller seasonal rise in the farm price in 1925 was associated with a relatively larger volume of shipments in that year than in the preceding and a greater movement into cold storage, induced probably by the profitable experience of 1924. For the western States the present season's production forecast shows a crop about as large as the record crops of 1923 and 1926. Consequently, f.o.b. prices in the Northwest are close to the levels that prevailed at this time

of the season in 1923 and 1926 for the important boxed apple varieties, except Rome Beauties, which are now somewhat higher than prices in 1926, but about the same as in 1923. In both years prices of western varieties reached their low point in November or December with a material recovery in 1926. The extent of a seasonal rise this year will depend on the portion of the western supply shipped to market and volume of storage holdings. The relatively small crop of the eastern varieties indicates that prices of these varieties will not be as far below last year's prices as will those of the western varieties.

CATTLE

Prices of nearly all kinds of cattle continued to advance during the first half of September, and about the middle of the month reached a point where the average price of all cattle was equal to the highest ever reached in September and close to the highest ever reached in any month. During the last two weeks of the month prices on all but the better grades of grain-finished cattle declined, with most of the advance during the first half of the month eliminated. The decline was most severe on stocker and feeder cattle, which had reached a higher peak than any attained during the war period. During the first week in October prices on finished beef steers also broke sharply, declines of from $1.00 to $1.50 being registered on most weights.

This decline in prices was due to increased supplies. For the first month in over a year receipts at seven leading markets were substantially above receipts for the same month of the preceding year, this September being 14 per cent larger than September, 1927, but 10 per cent smaller than the 5-year average for September. Due to the much larger shipments of stocker and feeder cattle in September this year, however, slaughter during the month was little if any larger than for the same month in 1927.

Information as to available supplies indicates that the comparatively heavy receipts during September will not continue and that marketings during the balance of 1928 will be less than last year. Under such conditions little further decline in prices seems likely and some recovery, especially on finished beef steers, is to be expected.

LAMBS

The lamb market stimulated by comparatively light supplies, advanced during the first ten days of September until the price of top lambs was about up to the highest point reached in two months. After that prices declined until the end of the month, reaching the lowest level of the current year. Top lambs declined from $15.75 to $13.85 and during the first week of October a further decline

brought them to about $13.25. Feeder lamb prices did not drop as soon as fat lambs but after the middle of the month weakened materially, the weekly average cost of feeder lambs at Chicago going from $13.83 the first week to $12.92 in the last week, with a further sharp decline the first week in October, which carried the price of certain classes of feeder lambs to the lowest level since 1921.

The decline in prices was due to a heavy increase in supplies. Receipts at seven leading markets in September were nearly 20 per cent larger than in September, 1927, and the largest for the month since 1919. While the shipments of feeder lambs during the month showed a substantial increase over September a year ago, the greater part of the increased marketings went into slaughter channels and the indicated slaughter for the month was the largest since 1914.

While marketings are expected to continue comparatively large until the end of the western grass movement in November, the movement of feeder lambs to date points to comparatively moderate supplies of fed lambs until the middle of December, and the market is likely to strengthen.

HOGS

Hog receipts increased gradually through September, until in the last week of the month they were nearly 40 per cent heavier at 12 markets than in the corresponding week of last year. In spite of the increasing receipts, prices continued to advance until the middle of the month, when they weakened and finally broke, closing the month at prices below those of a year previous. For the month as a whole, the average cost at Chicago averaged $11.94, compared to $10.45 for September, 1927, and $12.18 for September, 1926.

The prices of fresh cuts, such as loins and shoulders, weakened a week or two before live hog prices and closed the month as much as 20 per cent below opening prices. Cured products, on the contrary, generally advanced during the second half of September, and in most cases closed the month at higher prices than at the beginning. Out-of-storage movement was very heavy, stocks of lard being reduced from 178 million pounds on September 1 to 127 million pounds on October 1, and stocks of all pork products being reduced from 683 million pounds on September 1 to 515 million pounds on October 1. Last year on October 1 these stocks were 118 million and 609 million pounds, respectively.

Export demand continues better than last year. In spite of the fact that prices were materially higher than a year ago, exports of lard in August were about the same as last August, and exports of pork and cured products were 41 per cent larger.

After the first fall break hog prices usually decline gradually to a low point during December, then advance gradually to a peak in March or April. With fewer hogs to market this winter, and more corn to feed, it is probable that the movement of hogs will be delayed, and that the spring advance in prices will be late and less marked than usual. With both domestic and foreign demand stronger than a year ago, with reduced storage stocks, and with fewer hogs to be marketed this winter, it seems likely that the decline in prices which has continued into the second week of October will be checked soon, and that during November and December prices will average higher than last year.

BUTTER

After running below last year through June, July, and August, receipts of butter did not show as much seasonal reduction in September as they did last September, and for the last three weeks of the month were considerably larger than for the corresponding weeks of last year. The larger supply of butter, the prospect of increased supplies of feed grains, and, to some extent, the uncertain foreign market checked the price advance which had characterized the preceding months, and at the end of September prices were lower than for the corresponding date last year. Despite market supplies 10 per cent larger than for last September, however, prices at New York averaged 48.8 cents, compared with 46.7 cents for September a year ago.

Storage stocks were reduced just as last year, being 128 million pounds on October 1, or 13 per cent below the stocks a year earlier.

The foreign market weakened during September, and New York prices remained about 12 cents above London prices throughout the month. The movement of butter from the Southern Hemisphere is starting earlier than usual this year, and production conditions there are unusually good.

Supplies of feed grains are larger than last year, and with satisfactory dairy prices this may result in relatively high production during the fall and winter.

Butter prices usually advance 4 to 8 cents between September and December. Improving business conditions and smaller stocks are favorable price factors, but foreign competition may tend to prevent the advance this season from being as marked as usual.

UNITED STATES DEPARTMENT OF AGRICULTURE
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THE PRICE SITUATION, NOVEMBER, 1928

FARM PRICES

The index of farm prices on October 15 at 137 was 4 points lower than on September 15 and 2 points lower than the index of a year ago. This four point decline was caused by further declines in corn and potatoes and by lower prices of all livestock. These lower prices were only partly offset by higher prices of cotton, of grains other than corn, and of butter and eggs. The price shifts in the case of livestock and potatoes were in response to seasonal increases in marketing; in the case of corn, the lower prices represent an adjustment to a new crop basis, and the advances in the case of other grains, such as wheat and oats, are partial recoveries from recent low points reached when the new crops began to move to market in large volume. Since the middle of October, cash corn has gone to lower levels, oats have remained about the same and wheat and barley have strengthened somewhat. Eggs and butter have continued to advance, as is usual for this time of year, while cattle have continued to decline. Hog prices declined until the first week in November. It is probable that the index of farm prices will show little change during the coming month.

THE GENERAL COMMODITY PRICE LEVEL

Wholesale market prices have declined several points from the peak reached in September. During the second week of September, the average of all commodities according to the Annalist index was 153.5 and by October 30, it had fallen to 148.8, or to practically the level of a year ago. As has been the case during the past two years, agricultural prices are again mostly responsible for this fluctuation, the index of farm products at wholesale having declined from 155.9 on September 11 to 146.9 on October 30, compared with 148.7 a year ago. Further moderate advances were made in nonagricultural prices, particularly textiles, and metals. The lower agricultural prices reflect the increased marketings of farm products at this time of year, while the slowly advancing nonagricultural prices have come with continued improvement in manufacturing activity.

BUSINESS CONDITIONS

Business activity in October has apparently been maintained at least at the improved level reached in September. The output of iron and steel reached record levels, accompanied by further moderate price advances. Automobile production continued at the high levels of recent months. Textile output continued to advance and building activity,

as measured by the value of contracts awarded, also remained at a level well above that of a year ago as a result of increased awards in public works and utilities and industrial construction. Carloadings exceeded those of a year ago and nearly equaled the volume of October, 1926. The increase over last year's loadings was due mostly to miscellaneous products, coal and ore. These trends in activity in basic industries have undoubtedly further improved the buying power of industrial consumers. In September, the latest month for which data are available, the volume of factory employment was one per cent below that of a year ago, but the volume of payrolls was about 1.5 per cent greater. Last year at this time, a moderate business recession was already under way. The continued improvement in business activity during 1928 makes it fairly certain that the wage earnings of factory workers during the next few months will be better than those of a year ago, but it is not so certain that they will become as high as they were just prior to the 1927 recession unless business activity advances much more in the near future. The chief factor which makes such an advance seem unlikely is the advance in interest rates during the past few months. Although business activity has advanced at times despite rising interest rates, a prolonged rise or their maintenance at a high level is not conducive to expansion in business activity.

WHEAT

Wheat prices dropped to a low level in October, but the drop from the beginning to the middle of the month was practically recovered by the end of the month. The average of prices reported by farmers at mid-October was affected largely by prices received early in the month and is higher than the average for the latter half of the month. Farm prices averaged 98.7 cents per bushel, compared with 94 in September and with 114 in October, 1927. The prices of all classes and grades at six markets dropped from 111 cents per bushel the last week in September to 105 the third week in October, but in the week ending November 2 had again reached 110. Early in November prices declined a little but they are holding fairly close to the level reached at the beginning of the month.

The prices of all classes of wheat dropped to a low level in October, but soft red winter held fairly close to last year's level. The average price of No. 2 red winter dropped from 149 cents the second week in October to 138 the week ending October 26. This was a low week last year, averaging 141. The price of No. 2 amber durum at Minneapolis dropped to 108, then rose to 121 the first week in November, the same as for the corresponding week last year. This rise appears to be due to a relative scarcity of amber durum and does not accurately represent the change in the value of all durum wheat. No. 2 hard winter at Kansas City and No. 1 spring at Minneapolis reached low points in the week ending October 26 and recovered in the next week. Protein premiums for both No. 1 dark northern spring and No. 2 hard winter have tended downward for the season to date. The premiums for No. 1 dark northern, 14

per cent protein, averaged about 18 cents for October, compared with 26 in September. The protein premiums for No. 2 hard winter wheat fluctuated greatly in the latter part of October, but settled down early in November to a level somewhat lower than the average for September.

The world wheat supply outlook continues about the same as a month ago except for the prospect that the quantity of millable wheat produced in Canada seems to be somewhat less than expected a month ago and may even be slightly less than last year. Production estimates and forecasts reported to date in 38 countries outside of Russia total about 3,358 million bushels, compared with 3,172 millions last year when these countries produced about 89 per cent of the world total outside of Russia and China. The difference between the world supply of wheat this year and last, however, is probably not so great as indicated by these figures. Making allowances for apparent under-estimates of last year's crops in Canada and France, over-estimates of this year's Balkan crop and frost damage in Canada, the difference between the estimates of the two years may be reduced to 4 or 5 per cent.

As noted a month ago, the prospective increase in supply is largely offset by prospects for a greater consumption of wheat. Shortages in the bread grain supplies of Russia and Turkey will draw some of the increased supply. A shortage of the corn crop in southern Europe will result in some increase in consumption of wheat and reduce the exportable surplus from the Balkan countries. Furthermore, the low prices that prevailed at the beginning of the season will result in an increase in the consumption of wheat in northern Europe.

The large visible supply in the United States and the small exports in the season to date probably are having some influence upon our present wheat price situation. Good yields in the wheat producing areas which ship the large proportions of their wheat through central markets naturally increase the visible supply. The large foreign crops and low prices have discouraged exports, and the grain which otherwise would have been exported is accumulating in the visible supply. In the meantime Canada is exporting wheat in large quantities, making up for the slowness of exports from the United States. It will be of interest to watch what happens between the closing of the Lakes early in December and the opening in April. Doubtless some Canadian wheat will be moved but the most of it will be held until the Lakes open, and this may offer the United States an opportunity to move a part of the exportable surplus that is now accumulating in the visible supply. Argentina and Australia will, of course, come into the market with new crops before the Lakes open, but the old crops of these countries have been cleaned up fairly well, so that between now and the arrival of the new wheat in February there is not much to be moved from the Southern Hemisphere. Between the middle of December and the middle of February European countries will have to look to the United States for the bulk of their imports. Agricultural Commissioner Steere at Berlin reports trade stocks of grain and flour light and the demand for flour fully up to normal.

Wheat prices in general probably will hold near present levels during the next few weeks, fluctuating to some extent on reports of conditions in the Southern Hemisphere and the European markets. It seems possible that the low point for the season has been reached, although fluctuations may carry prices back near to the low level reached in October, for short periods. Prices of soft red winter wheat will probably continue through another month about on a level with last year's prices. Some increase is to be expected in prices of hard red winter and spring wheats within the next two or three months.

CORN

During October farmers received considerably less for new corn than they had been getting for old corn the month before. The average price as of October 15 was 85 cents per bushel as compared with 95 cents September 15. Monthly average prices at the terminal markets, on the other hand, showed little change, No. 3 yellow at Chicago being 96 cents per bushel for October and $1.00 per bushel the previous month. At Chicago cash corn remained at a premium until new corn began to arrive in considerable amounts during the last week of the month and then prices dropped abruptly. No. 3 yellow averaged 88 cents per bushel the week ended November 2, which was ten cents below the previous week and 15 cents below the price on October 24.

There has been a little improvement in the market outlook. Recent prospects point to a better export demand due to a short European corn crop and indications that Argentine stocks are small. Current market reports state that the export trade has sold a large amount of corn for forward shipment and this should strengthen demand during December and January. The November crop report estimates production of corn in the United States to be 2,895 million bushels, which is about 8 million less than indicated by October 1 conditions, and farm stocks of old corn are estimated at 54 million bushels which is considerably less than most of the trade estimates made last month. These estimates indicate the total supply of corn this year to be 42 million bushels, or 1.4 per cent greater than last year.

Despite the fact that total supplies are nearly the same as last year and export demand promises to be greater, prices for the year in the Corn Belt may be expected to average somewhat lower. This is due, on the supply side, to the distribution of the corn crop and, on the demand side, to the feeding situation. Corn sold at the primary markets comes mostly from the Corn Belt and the amount which reaches the markets depends principally upon supplies in these States and upon the feeding situation.

Farm supplies of corn in the six leading Corn Belt States this year are estimated at 1,576 million bushels as compared with 1,420 million last year, 1,736 million in 1925, and 1,535 million in 1926. This makes more corn available either for shipment to market or for feeding than was available last year in these States, and the price of corn during the next ten months will depend largely upon how much of the increased supplies Corn Belt farmers decide to feed.

There are fewer hogs this year than last, but it is probable that they will be fed to heavier weights. The shipments of stocker and feeder cattle during September and October have been more than 20 per cent larger than last year. These facts indicate that as much, if not more, corn will be fed this year. If these indications are borne out, it is likely that prices from now until August will average close to present levels. If prices drop much it will probably pay farmers to hold surplus corn till the market improves or for later feeding.

COTTON

Cotton prices have remained relatively steady during the past month with a slight decline and recovery during the first half of November. During the first 10 days of November middling spot cotton at the 10 designated markets averaged 18.19 cents per pound compared with an average of 18.46 cents for the month of October and 17.72 cents for September. The price received by producers averaged 18.1 cents per pound in October, 17.6 cents in September and 21.0 cents in October last year.

The November 8 forecast of production by the Crop Reporting Board was 14,133,000 bales or an increase of 140,000 bales over the forecast of October 8. Comparing the November forecast with the production last year of 12,955,000 bales, it is observed that present prospects indicate an increase of 1,178,000 bales over the production in 1927. As pointed out in previous months, however, the world carryover on August 1, 1927 was 7.8 million bales whereas this year Hester and Garside estimate it to be slightly under 5.1 million bales on August 1, 1928, making a decrease in the carryover of 2.7 million bales. The total supply, therefore, appears to be approximately 1.5 million bales under that of a year ago, and only 3.8 million bales over last year's world consumption, as reported by the International Federation. Exports of lint cotton were low at the beginning of the season, but rose sharply and during September were 190,000 bales higher than those of the year previous. The high rate has been maintained and for October they were 1,240,702 bales compared with 1,113,018 for October, 1927. For the season to November 1 exports total 248 thousand bales more than last year. Despite the increase in exports, stocks in European ports and afloat for Europe on November 2 were 514 thousand bales less than on the corresponding date last year, according to the Commercial and Financial Chronicle.

Reports from Agricultural Commissioner Steere at Berlin indicate that the decline in the Continental cotton textile industry has now come to a halt, although the improvement to date is for the most part within seasonal limits.

Domestic consumption has continued the increase started in August and in October passed the high level of October, 1927. During October consumption was 619 thousand bales compared with 492 thousand for September and 614 thousand for October last year.

The October report of the Association of Cotton Textile Merchants shows that the production of cotton textiles which increased from 222 million yards in July to 254 million in September has reached 285 million yards in October. During the same months sales have increased from a total of 187 million yards for July to 387 million for September and 402 million for October, giving a ratio of sales to production of 141% in the last month. For the same months stocks have been decreasing and unfilled orders have been increasing and at the end of October stocks totaled 395 million yards and unfilled orders totaled 493 million yards.

WOOL

Boston prices for coarse and medium grade wools during October were practically unchanged from those of a month ago. In October fine wools (64's, 70's, and 80's) declined about one cent per pound for Ohio and similar, grease basis, and two to five cents for fleece, scoured basis. Early in November, however, the decline seems to have been checked, reflecting in part the course of wool prices abroad. During the London sales which ended early in October prices declined, but at the more recent Australian sales they have recovered somewhat. The average price received by producers in the United States on October 15 was 36 cents per pound as compared with 36.5 cents in September and 30.9 cents on October 15, 1927.

Consumption of clothing and combing wools by reporting mills in the United States showed the usual seasonal increase during September but remained lower than in September of previous years. The total for September this year was 32 million pounds grease equivalent, compared with 38 million pounds last year.

Imports of clothing and combing wools declined considerably and were less during September than for any corresponding month since 1921. They amounted to 2,650,000 pounds in September, 1928, compared with 5,257,000 pounds for September, 1927.

Stocks of wool, tops and noils, held by reporting dealers and manufacturers on September 29 were 370 million pounds, grease equivalent, compared with 357 million pounds a year ago, but were slightly below those of 1925 and 1926, according to the wool stock report of the Department of Agriculture and the Department of Commerce. Stocks held by reporting manufacturers were 158 million pounds, grease equivalent, on September 30, against 175 million pounds last year.

With moderate stocks and improving business conditions in this country, continued strong prices abroad should cause a maintenance of firm domestic prices. It should be noted, however, that the difference between Boston and London prices of medium grades is approximately equal to the tariff so that a decline in prices abroad might easily affect domestic prices of these grades adversely.

POTATOES

The farm price of potatoes for the country as a whole declined still further in October, averaging 58.0 cents on October 15 compared with 64.8 cents on September 15, and 98 cents a year ago. The October average includes prices as low as 30 cents in North Dakota, 35 cents in Wisconsin, Minnesota, Idaho and Colorado, 40 cents in Maine, 65 cents in New Jersey, Maryland and Delaware, and 75 cents in New York. In the southern states which are now on a deficit basis, prices ranged between 85 - 115 cents per bushel. In the surplus producing areas prices are now apparently below the cost of digging and putting on cars.

The supply situation has not changed materially in recent weeks. The latest estimate, based on November 1 conditions is for a crop of 466 million bushels or about 3.7 bushels per capita. With digging practically completed, the general potato price level will probably depend on the volume and rate of movement to central markets. The present low prices might be expected to result in relatively larger shipments later in the season, but it now seems unlikely that prices will continue as low as at present throughout the season. This is suggested by the following considerations. In 1922 and 1923, years in which the per capita supply was about the same as this year, there was an advance of around 15 per cent between December and May. If past relationships between supply and price hold this year, the average United States farm price for the season is likely to be somewhat under 80 cents per bushel. So far this season, the prices have been 78 in July, 74 in August, 65 in September, and 58 in October. Obviously if the average price is to approach 80 cents for the entire season, prices after December would have to be higher than at present. It has been pointed out in earlier issues of the Price Situation that prices in the first part of this season would be higher than at the present time, and that any probable advance after December was not likely to be sufficient to cover costs of holding, losses, etc., in relation to the early season prices. Now that prices are very low a substantial recovery from the present low level may reasonably be expected after December.

CATTLE

While the prices of better grades of beef cattle fluctuated considerably during October, prices at the end of the month were little changed from those at the beginning and the market on most other kinds of cattle showed little change during the month. The so-called "Kosher butcher strike" in New York City affected adversely the prices of the better grade beef cattle during the latter half of the month. This strike started just after the market on these kinds had recovered somewhat from the sharp drop in prices that came the first days of the month and it resulted in another price drop to a level lower than that reached early in the month. With the settlement of the strike prices rapidly regained most of the lost ground and the top on choice yearlings advanced to $18.00.

Total supplies of cattle during October were comparatively small. Receipts at seven leading markets were 7 per cent below October, 1927, and 13 per cent below the five-year average for October and the smallest for the month since 1921. Compared with October last year receipts of good and choice steers at Chicago were considerably increased, the supply of choice steers being over 20 per cent larger and of good steers, over 10 per cent larger. The supply in October, last year, however, was very small and prices during that month advanced rapidly. As a result of the drop in prices the latter part of October this year and the advance last year, the average price of choice steers the last week of October this year was smaller than for the same week in 1927. This was the first week this year when the average price of choice cattle was below the corresponding week of 1927.

Prices of stocker and feeder cattle made little recovery from the low point reached early in October, and demand was much less urgent than during August and September. The spread between average beef steer prices and average stocker and feeder steer prices at Chicago for October was $3.75 compared to $3.79 for September and $4.28 for October, 1927.

While total supplies of cattle during November and December will be comparatively small, fairly liberal supplies of fed steers are in prospect, and prices on these kinds will probably show a seasonal decline with considerable weekly fluctuations. While prices of finished cattle will probably remain high it is doubtful if they will reach the peak reached late in November, 1927.

LAMBS

The lamb market showed considerable fluctuations during October. After declining to $13.25 early in the month, the top price on slaughter lambs advanced to $14.00 toward the end of the month. Another drop early in November carried the top to $13.00, the lowest point of the year and but little above the lowest point since 1921.

Receipts of lambs at seven leading markets were about 14 per cent larger in October this year than for the same month last year and the largest for the month in ten years. At the same time the purchases of feeding lambs at markets were less than in October a year ago, although the average price of feeding lambs was more than $1.00 a hundred below last year. A large portion of the lambs which might have gone back to feed lots went to slaughter this year and the indicated inspected slaughter for October was the largest for any month since 1913.

The movement of feeder lambs to November 1 this year pointed to some decrease in lamb feeding this winter compared to last, with a small increase for the Corn Belt and a decrease in the west. With such supplies lamb prices can be expected to make a sharp recovery during the next few months, but wide fluctuations in prices due to varying supplies may be expected.

HOGS

Prices of hogs through October continued to decline under the pressure of the seasonal increase in supplies. The month closed with heavy hogs at Chicago about $9.10, or two dollars lower than at the end of September, nearly four dollars below the high weekly average for the second week of September, and one dollar lower than for the last week of October last year. The average cost of hogs at Chicago for the month was $9.60 or 70 cents lower than for October, 1927. Last year, however, the sharp fall decline in hog prices did not begin until the second week of October, and it continued until the fourth week of November, when prices at Chicago reached nine dollars, with a further decline to below $8.50 in December. Prices for the first week of November this year averaged $9.30 for heavy hogs, indicating that the sharp price decline has been checked.

The weight of hogs marketed in October responded to the geographic changes in corn supply from last year. Weights at Chicago and South St. Paul, which averaged 15 pounds heavier than last October, reflected the increased corn crop in Iowa, Illinois, and Minnesota, while an average weight at Omaha, 19 pounds less than last year, reflected the sharply reduced crop in Nebraska. These weights have been affected by the unusually late marketings of packer sows, as well as the extent to which hogs have been fattened out. With less corn in the South and in the far West, and much more corn in the principal hog-producing area, the United States average weight will probably continue to be above last year.

Prices of pork products in October reflected the course of hog prices, all fresh cuts declining through the month, and cured products weakening. Lard remained firm, however, at the end of the month lard was one cent higher than a year ago; cured hams were slightly higher, while bacon was markedly lower.

With the increased supply of hogs during October, the out-of-storage movement was much cut down, the net reduction in stocks being 84 million pounds of pork and products and 45 million pounds of lard, as compared to a net out movement of 141 and 46 million, respectively, last year, and an average movement of 118 and 40, respectively, for the years 1921 to 1925.

As indicated last month, hog prices will probably remain near present levels through November and December, and above the lowest prices reached in December last year. With corn and hog prices for the winter likely to maintain an average corn-hog ratio, it now seems likely that the distribution of hog marketings will be about normal and that hog prices will make the usual seasonal advance in March and April.

BUTTER

Butter prices did not show the customary seasonal advance during October. The average price of 92 score butter on the New York market for the month was 47.8 cents, compared with 48.8 cents for September, and 48.4 cents for October 1927. The average price received for butter-fat by producers was 47.0 cents on October 15, compared with 46.5 cents on September 15. Gross receipts of butter at the four principal markets in October were 39,541,988 pounds as compared with 36,653,594 pounds in October 1927. This is an increase of slightly over 8 per cent.

Good pasture conditions during October were chiefly responsible for the increase in receipts. While the average pasture condition in the United States was below the ten year average, Minnesota, Wisconsin and Iowa, the chief commercial butter producing area, were well above the average. Minnesota was estimated at 83 on October 1 compared with 76 as the ten year average, Iowa 89 compared with 87, and Wisconsin at 85 compared with 78. The feed crops have been large in these three States and with low prices for other concentrates, indications are for a continuation of production at a level somewhat above that of last year.

Foreign butter coming into this country usually becomes a factor during the early winter months when Southern Hemisphere supplies are reaching their peak. Conditions affecting the output in that region have been generally favorable during recent months. Even under the conditions tending recently to weaken the domestic market, the price margin in favor of New York over Copenhagen widened by November 9 to 10 cents. Indications now are that unless the domestic market should be abnormally weakened by domestic supplies, imported supplies may be somewhat earlier and heavier than in the past three years.

Cold storage holdings continue considerably below those of last year. Holdings were 105,904,000 pounds on November 1, compared with 118,679,000 pounds on November 1, 1927. Movement out of storage continues at a rate below that of last year.

Production conditions indicate that receipts may be expected to continue somewhat heavier this year than last year, for the remainder of the calendar year. This is offset in part by smaller storage holdings. Foreign supplies are not likely to be much of a factor before December. These conditions make it appear that the November price may be expected to be about equal with the November price of last year, with the probability of a price less favorable this December than last.

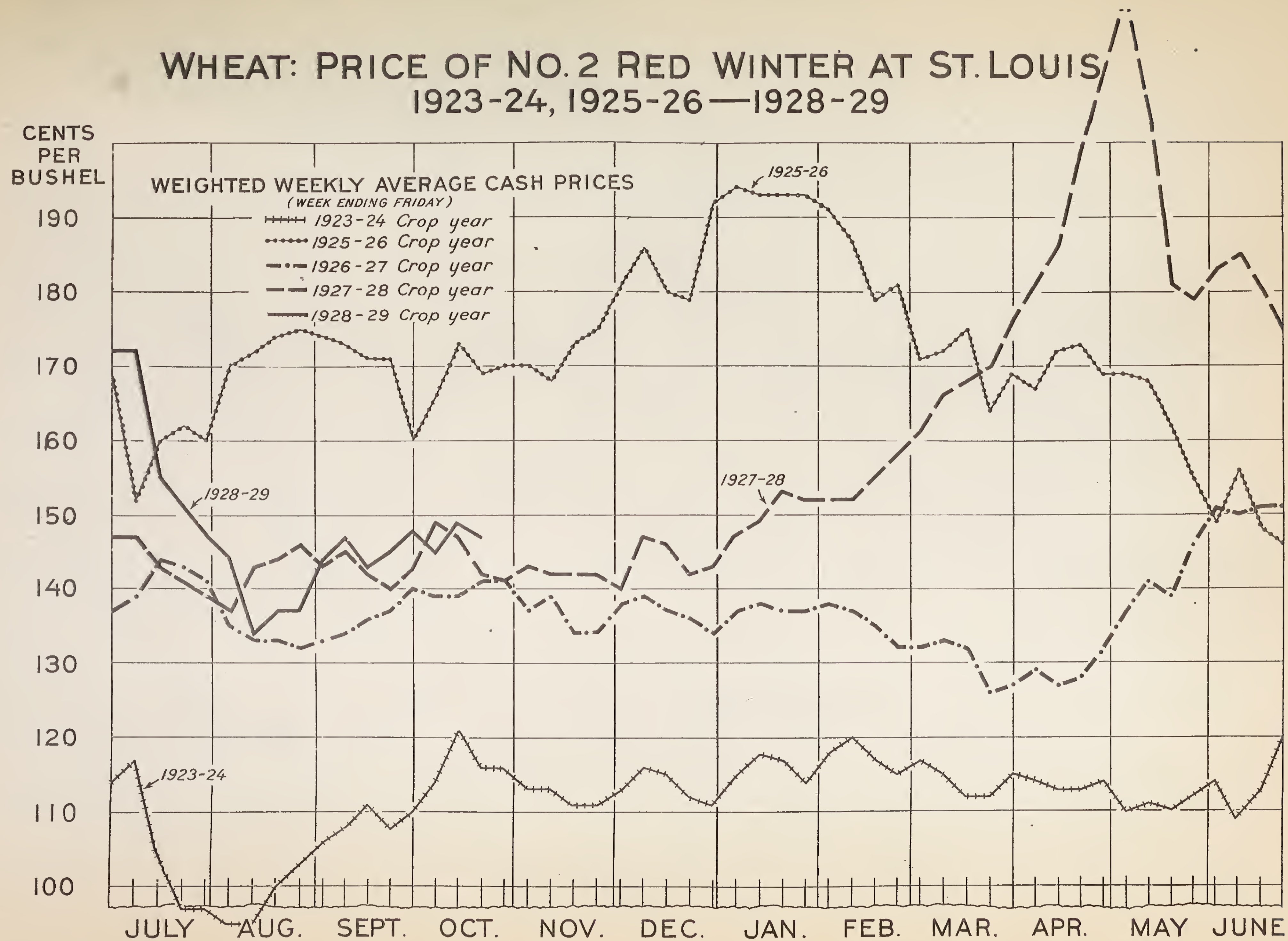
EGGS

Egg prices since the middle of September have been very disappointing to producers as well as to most storers of case eggs. While eggs of all grades have suffered by the low price level this fall, the best grades have fared better than the others. Fall produced eggs of irregular quality are coming more and more into competition with the best refrigerators, indicating the desirability of improving the quality of the fall and winter lay.

The unusually heavy storage holdings and the heavy fall lay have been major factors in the present low level of egg prices, but in addition a somewhat unsatisfactory consumer demand has been reported in the leading cities. On November 1 cold storage holdings of case eggs amounted to 6,249,000 cases, an increase of 764,000 cases over the same date a year ago. October production per bird in the North Central States was higher than for either of the preceding three years and considerably higher than for the previous year, according to returns from crop correspondents in this major egg producing region.

Cold weather would have a stimulating effect on the egg market by reducing production and by tending to increase consumption. This factor, however, is not likely to be of sufficient importance to bring the November average of egg prices up to the level of a year ago.

WHEAT: PRICE OF NO. 2 RED WINTER AT ST. LOUIS 1923-24, 1925-26—1928-29



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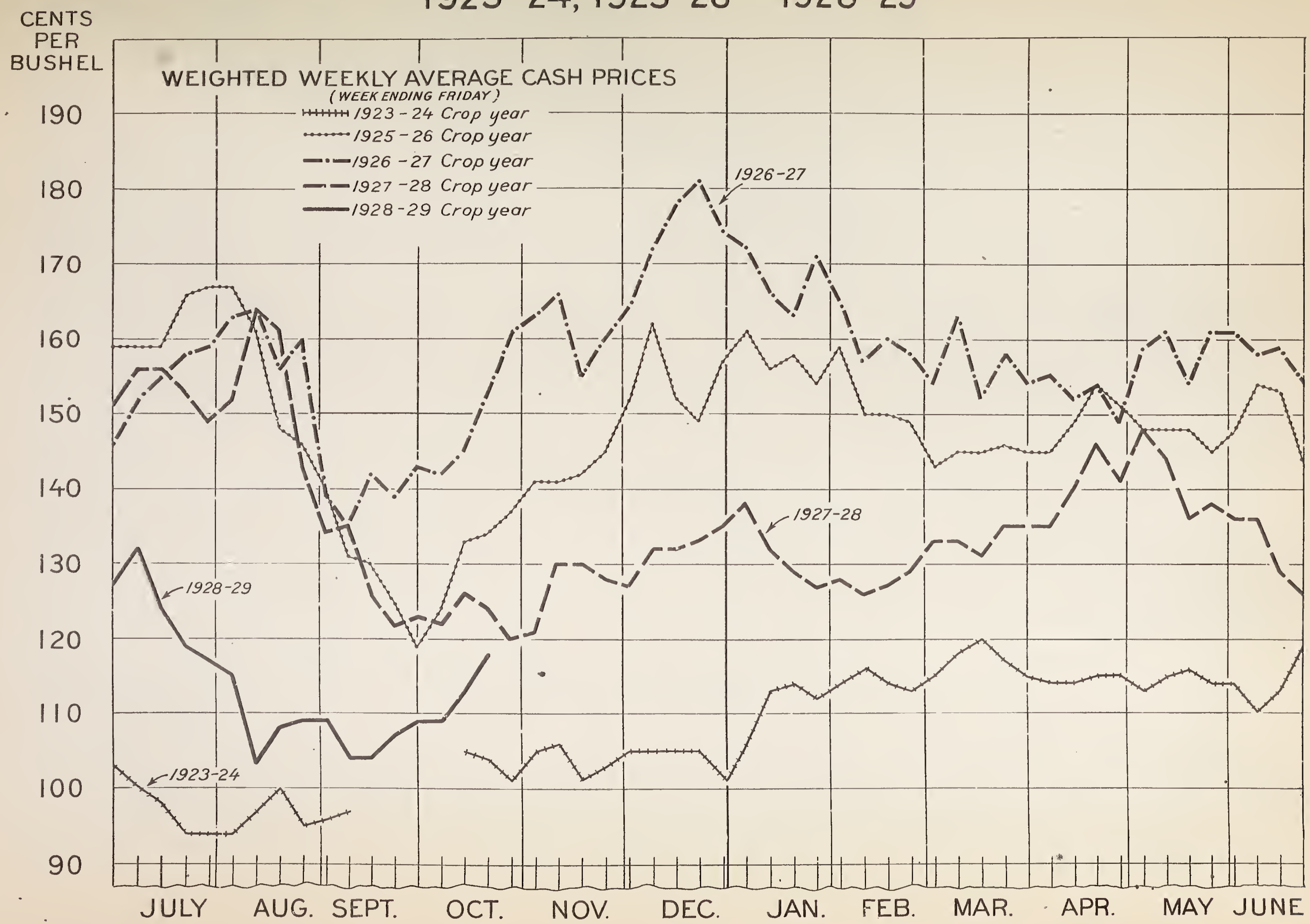
WHEAT: PRICE OF No. 2 AMBER DURUM AT MINNEAPOLIS
1923-24, 1925-26—1928-29



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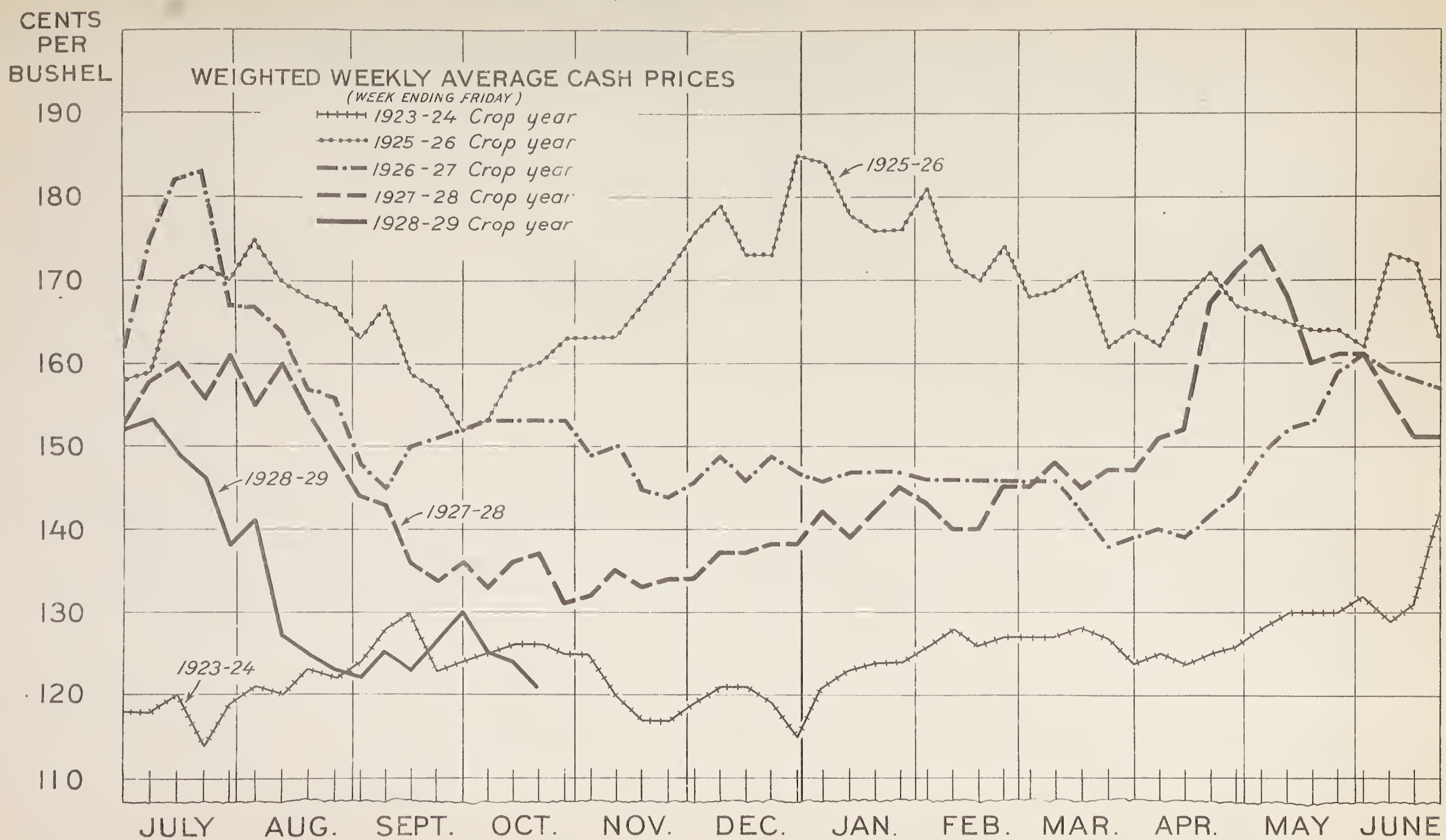
WHEAT: PRICE OF NO. 1 DARK NORTHERN SPRING AT MINNEAPOLIS 1923-24, 1925-26 — 1928-29



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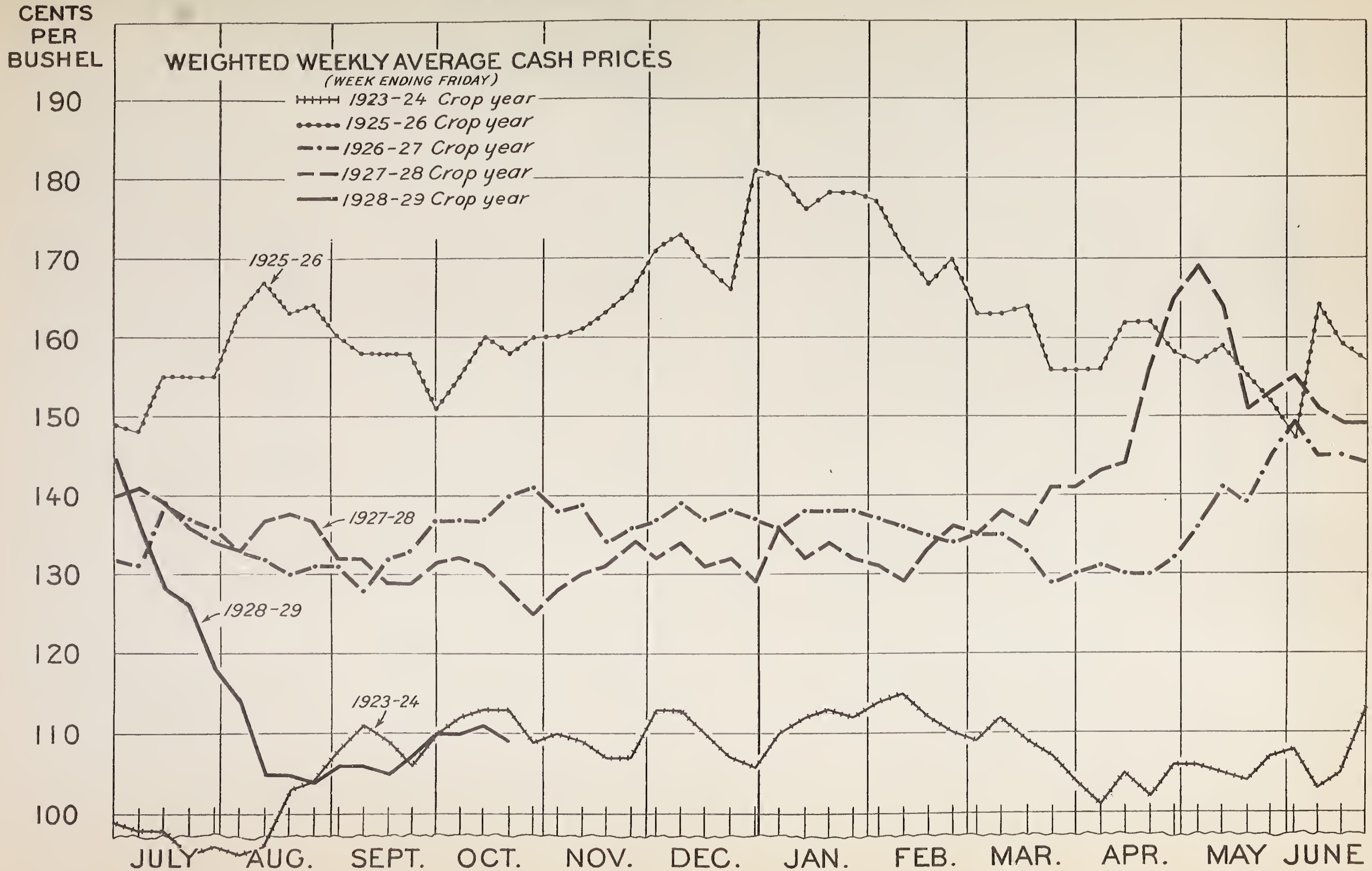
WHEAT: PRICE OF NO.2 HARD WINTER AT KANSAS CITY 1923-24, 1925-26—1928-29



U.S. DEPARTMENT OF AGRICULTURE

BUREAU OF AGRICULTURAL ECONOMICS

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
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THE PRICE SITUATION, DECEMBER, 1928

FARM PRICES

The index of farm prices of November 15 was 134 or 3 points lower than on October 15, 7 points lower than on September 15 and 3 points lower than a year ago. The principal declines were shown for meat animals, grains, and fruits and vegetables. Hog prices were adversely affected by large marketings. Corn marketings by farmers during November were largely from the new crop. Wheat and rye reacted somewhat from the levels reached about October 15, but maintained most of the gains over September 15. Flaxseed prices remained unchanged and oats and cottonseed prices made some additional advances. Since the middle of November grain prices have remained fairly steady. Dairy and poultry prices made the usual seasonal advances. Cotton and wool showed slight declines but prices of both products have advanced since November 15.

THE GENERAL COMMODITY PRICE LEVEL

Wholesale market prices have continued the declines which set in during the last part of September. The weekly Annalist index, after reaching a high level of 153.5 during the second week of September declined to 147.2 by the last week of November, the decline being due mostly to lower agricultural prices. Compared with prices in October, November prices of fuels and metals each advanced somewhat, while textile products prices remained unchanged and farm and food products were lower. Agricultural prices are not apt to recover high September levels during the next few weeks. A seasonal weakness in industrial activity may bring with it weaker prices of non-agricultural goods such as metals. On the whole the general level of commodity prices, like that of farm prices, is likely to remain in the immediate future below the September levels.

BUSINESS CONDITIONS

The outstanding features which usually characterize general business activity during the last two months of the calendar year are a seasonal weakening in activity in manufacturing and other basic industries, and an increase in retail distribution stimulated by holiday trade. These tendencies are now in evidence. Steel mill operations have been declining since the high levels of October, but by the first part of December they were still considerably higher than during the summer months and also higher than during the somewhat depressed conditions of 1927. Automobile production in November again showed

seasonal declines in activity following the high rate of production of earlier months. Building activity during November according to the value of contracts awarded declined more than is usual at this time of year. Car loading also showed a seasonal decline of about 100,000 cars between the last part of October and the last part of November. This decline compares with declines of 150,000 cars in the same period of 1927, 100,000 in 1926, and 60,000 in 1925. In October factory payrolls exceeded both the July payrolls and those of a yearo ago by about 4 per cent. It now appears probable that the high level of business activity taken as a whole for 1928 was reached during the month of October.

An important consideration in the probable level of business activity after the turn of the year still appears to be the cost of commercial credit. Interest rates during November were slightly lower than the high rates of October but they are still relatively high, and as pointed out last month, a continuation of high interest rates is not conducive to expanding business activity. During the first week of December interest rates were somewhat firmer and call money rates unusually high, this latter being accompanied by a very sharp reduction in prices of industrial stocks from the new peak rwached in November.

WHEAT

WhWheat prices were, on the whole, slightly higher in November than in October, and they remained at an almost constant level throughout the month. The average of farm prices the middle of the month was 97.1 cents per bushel as compared with 98.7 cents for October and 111.4 cents for November, 1927. It will be remembered that the figure of 98.7 cents for October, was influenced by higher than average market prices which were current about the middle of the month. The average market price for all classes and grades was 109 cents per bushel in November -- two cents above that of October. For the week ending November 9, all classes and grades averaged 108.4 cents per bushel, the following three weeks ending November 16, 23, and 30 they averaged 108.6 cents, 109.9 cents and 109.4 cents respectively. The week ending December 7 the average of all classes and grades was 108.6 cents per bushel.

There was little change in the relative position of the different grades and classes. Red winter was a little more uncertain in its course, the St. Louis price for No. 2 rising from an average of 141 cents per bushel for the week ending November 9 to 146 cents per bushel for the following week. Thereafter it declined somewhat and was 143 cents for the week ending December 7.

Protein premiums for both spring and winter wheats continue below last year. Premiums for 14 per cent protein at Minneapolis averaged about 21 cents in November as compared with 18 cents in October and 32 cents a year ago. At Kansas City 12.75 per cent to 12.95 per cent protein wheat sold during November for about the same premiums as during the previous month.

There has been little change in the outlook for world supplies. The visible supply in the United States which has been increasing during the past five months turned downward for the first time, decreasing from 136.8 million bushels on December 1 to 135.1 million bushels on December 8. During the next two months it may be expected to decrease considerably as a result of both smaller receipts and increased exports. It is likely that the closing of the lakes will result in Europe taking more of United States wheat between that time and the time when southern hemisphere supplies are available.

In general, it appears that some further increases in wheat prices may be expected. By February hard winter and hard spring wheats in particular seem likely to be favorably affected, and protein premiums may increase as the pressure on storage space in the milling centers becomes less severe and the receipts of high protein wheats become smaller.

CORN

The supplies of new corn resulted in November prices being at levels below the average of October. The November average price received by producers is reported as 75 cents per bushel, while that of October was 85 cents. Prices in the Corn Belt were as usual much lower than the average for the United States, the mid-November price for Iowa being 66 cents and that of Illinois 69 cents per bushel. At Chicago No. 3 yellow declined from an average of 96 cents for October to 84 cents per bushel for November, while at Kansas City the same grade was 86 cents for October and 84 for November. The readjustment of prices at the central markets to the new crop basis occurred during the last few days of October. Since that time and through the month of November prices remained fairly steady strengthening somewhat around the middle and weakening a little at the close of the month. After strengthening a little during the first few days of December, prices weakened again and on the eleventh of the month were about two and one-half cents under the November average. Kansas City prices are running about three cents below Chicagi and St. Louis prices about 2 cents above. Last year, in December, Kansas City was about nine cents below St. Louis and about five cents below Chicago.

The demand for cash corn continued to be strong, while receipts are heavy and stocks are increasing. Receipts at 13 markets during November were 28.6 million bushels, as compared with 15.3 million last month and 15.9 million bushels in November of last year. Commercial stocks of corn, according to reports to the Bureau of Agricultural Economics, increased from 2.0 million bushels on November 3 to 9.7 million on December 8.

The strong demand for cash corn is due in part to the domestic commercial situation and in part to the export situation. Exports since November 1 were 3,812,000 bushels this year as against 1,082,000 last year. In the week ending December 8, exports were 1,699,000 bushels which is over 50 per cent greater than the total exports for the five weeks ending December

10 last year. The large export demand is due principally to the short corn crop of Europe. The eight European countries, which have thus far reported, estimate this year's production at 342 million bushels which is 97 million bushels less than their last year's crop, and 184 million bushels less than the average of the 5 years 1923 to 1927. With supplies of old corn low in the southern hemisphere, prospects are that Europe will buy freely in the United States until shortly before the new supplies from Argentina become available in May.

The outlook for the near future is that commercial demand will be well maintained, especially the demand for export. Consequently, unless receipts are unusually large, it is likely that prices will also be maintained for the next few weeks. The outlook thereafter will depend largely upon how much corn farmers decide to feed during the coming year. Though export demand may be expected to be good for the first two or three months of the year, continued large receipts would tend to depress prices. If there is wide-spread discouragement among farmers over hog prices and if a large number of brood sows are sent to market, more corn will be available for sale, and heavy receipts may weaken the market. However, if there should be a material decline during the first three or four months of 1929, a recovery is likely later in the year.

FEEDSTUFFS

Feed grains are, on the whole, lower than a year ago. November prices of No. 3 white oats at Chicago averaged 44 cents this year against 49 cents per bushel last year. For the same month No. 2 barley at Minneapolis was 62 cents this year and 77 cents per bushel last year. The weighted average of No. 3 yellow corn at Chicago was the same for November of both years, but during the first week of December it averaged 83 cents this year as against 90 cents per bushel in 1927. Oats and barley were also up a little the first week of December, No. 3 white oats at Chicago being 47 cents and No. 2 barley at Minneapolis 63 cents per bushel, but both were below last year's figures for the same week of 54 and 83 cents respectively.

The lower prices of the feed grains this year appear to be due to larger production. The estimated United States production of corn, oats, and barley for 1928 is 112.7 million tons as compared with 102.9 million last year, and an average of 103.5 million tons for the past five years.

Most feedstuffs other than grains are at higher levels than a year ago and have been rising during the past month. The average price of 43 per cent cottonseed meal at Chicago in November was $51.75 this year, compared with $46.50 per ton last year, while gluten feed at Buffalo averaged $43.55 per ton this year against $39.10 last year. At Minneapolis

linseed meal was $54.90 this November as compared with $46.40 per ton the previous year. At Minneapolis standard bran averaged $30.65 this November against $28.45 per ton in 1927, while standard middlings were $30.75 per ton as compared with $29.00 a year ago.

Higher prices of other feedstuffs, in face of lower prices for oats and barley and despite larger supplies of millfeeds and cottonseed, indicate an unbalanced situation in the feed market. Flaxseed production is, of course, about 25 per cent smaller than a year ago, being estimated at 20.0 million bushels this year as against 26.6 million bushels last year. The decline in the production of flaxseed, however, should be more than counterbalanced by an increased cottonseed production of about 14 million hundredweight.

In view of the supply situation, then, it seems that prices of millfeeds and concentrates may not be expected to mount upward during the next few months as much as they did during the corresponding months of last year. Indeed, if there is not improvement in the prices of feed grains, prices lower than at present may result for millfeeds and concentrates.

POTATOES

The farm price of potatoes at 57 cents per bushel on November 15 was only one cent lower than the price on October 15 compared with a decline of five cents in the preceding month and considerably greater declines earlier in the season. Apparently potato prices have about reached the low level for this season, for, since November 15 potato markets have been generally stronger, with noticeable price advances at St. Louis, Baltimore, Philadelphia, a slight advance at New York, and prices relatively unchanged at other Eastern markets. As was pointed out last month, prices at present levels are below the average for the season on the basis of prices that have obtained for similar large crops in the past few years.

While it is not possible to indicate exactly the extent of the rise in the general level of potato prices that may develop during the Spring months, certain pertinent facts are now apparent. In the first place, the present supply will continue to be a dominant factor in the price of old potatoes during the first half of 1929. In this connection it is of some significance that the size of the United States crop has a definite bearing on prices in the Spring months, that large crops usually bring low prices in the following May and small crops, higher prices. Thus, crops of less than 360 million bushels in 1925 and 1926 resulted in May prices of old potatoes at Chicago of over \$3.00 per 100 pounds; crops of around 410 million bushles in 1923 and 1927 resulted in May prices of about \$1.50 and crops of around 460 million bushels, similar to the present year's supply, brought around \$1.15 per 100 pounds. During the week ending December 1 prices at Chicago were around \$.80-\$1.05 per 100 pounds. If the usual effect of the supply of old potatoes on the May price prevails again this season, prices at Chicago next May for 1928 potatoes maybe 15-25 per cent higher than at present.

In the second place, the action of farmers in the early potato areas (Alabama, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, Virginia, Texas, and California) may help to strengthen the markets for old potatoes by reducing their prospective acreage and thus reducing the competition that the present crop will face next Spring. If the early potato growers respond this coming Spring as they have in the past to low prices such as now prevail and to low returns such as they experienced for their last crop, they are likely to reduce their commercial acreage by at least 12 per cent. Following the most recent similar low price situations, those of 1922 and 1924, total commercial acreage in the ten early States was reduced by 12-14 per cent.

A third consideration, of more importance to the producers of early potatoes than to the holders of the present supply, is that the price of old potatoes next Spring will be an important factor in the returns that early potato growers will realize for their crop. In the past, the price received for the early commercial crop has been determined almost entirely by the production of early potatoes and by the price of old potatoes (the latter represented by the May price at Chicago.) In the two most recent seasons comparable to the present one, May prices at Chicago of around \$1.15 per 100 pounds in 1923 and 1925 had the effect of holding down the price received by the early potato growers by about 25 cents per bushel. Based on the effect of supply of early potatoes on the growers' price during the past few years, it appears that the production of early potatoes could be materially reduced next Spring and still yield growers a much greater money income for the reduced crop than they obtained for their record crop last Spring.

COTTON

The price of cotton has risen irregularly since the middle of September. From a price of 16.66 cents per pound on September 18, for middling spot cotton at the 10 designated markets, cotton rose to 19.69 cents on November 26. After that date there was a downward reaction, to 18.67 cents on December 10, but on the eleventh it rose to 19.19 cents, a net gain of 2.53 cents per pound since September 18. For the month of November the price averaged 18.70 cents compared with 18.46 cents for October and 19.74 cents for November 1927. Prices received by producers, as reported on the 15th of the month averaged 17.8 cents for November, 18.1 cents for October, and 20.0 cents for November last year.

The crop forecast released by the Crop Reporting Board on December 8 was 14,373,000 bales, which was 240 thousand bales higher than the forecast on November 8, but 66 thousand bales lower than the forecast of September 8. The crop is now forecast to be 1,378,000 bales larger than last year. This balanced against a reduction of approximately 2.7 million bales in the carryover leaves a net reduction in the world supply of American cotton of about 1.3 million bales under that of last year. The production of 14,373,000 bales is slightly more than a million bales below the world consumption of American cotton for last year as reported by the International Federation of Master Cotton Spinner's and Manufacturer's Associations. On the basis of the domestic carryover of American cotton on August 1, the final ginnings last year, and the December production forecast, together with consumption and exports to date, it appears that the quantity of cotton remaining in the United States on December 1 was 10.9 million bales compared with 11.2 million bales on December 1 last year. Stocks of American cotton in European ports on December 7 were 1,304,000 bales compared with 1,647,000 on the corresponding date last year and cotton afloat for Europe was 789,000 bales compared with 537,000 bales on the earlier date according to the Commercial and Financial Chronicle.

Exports continue above those of a year ago, being 1.4 million bales for November, 1.2 million for October, and 1.0 million for November 1927. Total exports during the first four months of this season have been 3.7 million bales compared with 3.0 million last year. A significant feature about exports this season has been the amount going to the United Kingdom. During the four months to date this year the United Kingdom has taken 786 thousand bales against 415 thousand a year ago.

Domestic consumption during November was 611 thousand bales compared with 619 thousand in October, 492 thousand in September, and with 627 thousand in November last year.

Reports from Agricultural Commissioner Steere at Berlin indicate that conditions have improved somewhat in the European cotton textile industry. The report of the association of cotton Textile Merchants shows a weekly average domestic production of Textiles for November of 68 million yards compared with an average of 71 million for October and 63 million for September. Stocks at the end of the month were 389 million yards compared with 395 million at the beginning of the month and unfilled orders were 520 million yards compared with 493 million at the beginning of the month.

WOOL

Nearly all grades of domestic wools were in active demand during November, but the greatest improvement was shown in the short classes of fine wools. Prices of wool at Boston showed a general increase of 1 to 3 cents per pound, scoured basis, for Territory wools, and some increase for all classes of 56's. Advances also occured in 58's, 60's, strictly combing. Among the factors contributing to the advance were the strong demand and higher prices at the sixth series of the London Wool Sales and an improving tendency in the domestic goods markets. The average for 56's, clothing, grease, Ohio and similar, at Boston, was 51 to 52 cents for the week ending December 1, and 49 to 50 cents for the week ending November 3. The average price received by producers in the United States on November 15 was 35.9 cents per pound as compared with 36 cents in October, and 31.1 cents on November 15, 1927.

Consumption of combing and clothing wool in October was well maintained, being higher than for any October in six years. The total of combing and clothing wool consumed by reporting mills was 38.0 million pounds in October, 37.4 million in October, 1927, and an average of 36.2 million for October, 1923-1927.

Imports of combing and clothing wool in October were relatively low but showed the usual increase over September. The total for October was 4.4 million pounds, for October, 1927, 7.0 million and for October, 1923-1927, 5.8 million.

The sixth series of the London Wool Sales opened on November 20 with prices generally 5 to 10 per cent above the closing rates of the previous series, and closed on December 5 with nearly everything slightly below the highest point of the series but considerably above the closing rates of the fifth series.

A general improvement has been reported in the wool manufacturing industry on the European Continent, according to a cablegram from L. V. Steere, Agricultural Commissioner at Berlin. Reports continue to indicate that wool production in the Southern Hemisphere during 1928-1929 will be larger than last season. The strong demand situation is reassuring as to the future of wool prices.

CATTLE

Cattle prices during November continued their seasonal decline which carried the average price of all cattle at the end of the month to about the level prevailing last June, but with the better grades of cattle higher and the poorer grades lower than at that time. Compared to November, 1927, average slaughter cattle prices were about the same but with better grades of beef cattle lower and the lower grades higher and with stocker and feeder cattle somewhat higher. From the peak point for 1928, the latter part of September, the declines have been most marked on short fed cattle of all kinds, on western grass steers and on stockers and feeders. The average weekly cost of stockers and feeders at Chicago at the high point in September was $12.40

and the last week in November was $10.06. While this decline was due in part to a lower quality, it largely reflected an actual drop in prices.

Supplies of cattle during November were small. Receipts at seven leading markets were only 78 per cent of November, 1927, and 74 per cent of the five-year November average, and the smallest for the month in fourteen years. The supply of fed cattle, however, was comparatively large, the receipts of good and choice beef steers at Chicago being 23 per cent larger than in November, 1927. This larger supply was due to the comparatively heavy purchases of heavy feeders in August, and September which were returned to market in November. Last year the feeder movement in August and September was very small, with a consequent light supply of short fed cattle in November.

The demand for stocker and feeder cattle during August, September, and October this year, which was much above the demand during these months last year, dropped off markedly in November, with the result that the smaller purchases in November this year were taken at prices not greatly above those of November last year, while the purchases during the earlier months which were much larger than last year were made at prices materially above last year.

The larger movement of stocker and feeder cattle during the months July to December, this year compared to last, points to some increase in feeding during the first half of 1929. The total supply of slaughter cattle during that period will probably be smaller than during the first half of 1928, due to a shortage of butcher cattle of all kinds. The average price of slaughter cattle during this period will probably be at least as high as last year, but temporary over-supplies of fed cattle may carry prices below the levels prevailing during the first half of 1928.

LAMBS

Lamb prices during November were on about the same level as in October, but with considerable fluctuations from week to week. Toward the end of the month, however, the market gave some evidence of increasing strength and during the first days of December, prices at Chicago had advanced to the highest point in two months, with a top of $14.40 per hundred. The average of lamb prices was lower in November this year than in 1927 and was the lowest for the month since 1923 and was but little above the lowest for all months since 1921.

Receipts of lambs at seven leading markets in November were about 5 per cent larger than in November, 1927, and well above the five-year November average. The out-movement of feeder lambs from markets in November this year was considerably larger than in November, 1927. The movement of feeders through markets into the Corn Belt States for five months July to November this year was about 200,000 head or 11 per cent larger than for these months last year. This increase will probably be more than offset by a smaller direct movement into Colorado. Total feeding in all areas this winter will probably be on a reduced scale compared to last year. The market outlook appears fairly favorable for those lamb feeders whose supplies will not be ready to move until after the middle of January.

HOGS

The sharp seasonal decline which characterized hog prices during late September and October was checked materially during November and by the middle of December apparently had reached the low point of the winter season. Average prices during November and early December followed about the same course and general level that prevailed during the same period last year. For November the average cost of packer and shipper droves at Chicago was $8.84 against $8.92 last year and $11.80 two years ago. The greatest decline has been on heavy weight hogs. This made the spread between prices of heavy and light weights somewhat narrower than it was at this time last year.

The weight of hogs at Chicago since early in October has averaged heavier than at this period for the last five years. Apparently in areas where the corn crop was short last year many hogs were carried through the summer and finished out on new corn. Also many light unfinished hogs were marketed early in the season with the result that the average weight of hogs slaughtered during October was only slightly heavier than during October last year.

Federally inspected slaughter of hogs during October was 25 per cent greater than during October last year and receipts of hogs at all markets during November showed an increase of 11 per cent. This increased supply, however, does not indicate a corresponding increase in the total winter marketings. Last year marketings were especially late whereas this year the marketings appear to be normal or perhaps earlier than normal.

Storage stocks of total pork at the beginning of December were 10 per cent greater than the relatively small stocks at that time last year. Lard stocks, however, showed a somewhat larger relative increase than pork. Wholesale and retail prices of hog products are now on a level about the same as a year ago. Demand conditions affecting the consumption of pork products appear to be generally more favorable than a year ago.

While hog prices in early December indicated a level for the month only slightly above that for December last year, conditions appear favorable at least for a full seasonal advance in the hog market in the late winter and spring. This would make prices considerably better than during February and March of last year when they were depressed by the unusually heavy movement of hogs. It is doubtful however if the present premium on heavy hogs will continue.

BUTTER

Butter prices showed the usual seasonal advance during the month of November. The price of 92 score butter in New York averaged 50.6 cents for the month, compared with 47.8 cents for the month of October and 49.8 cents a year ago. The price received by producers for butterfat averaged 47.6 cents, compared with 47.0 cents for October and 45.8 cents for

November 1927. The price received by producers for butter averaged 45.6 cents, compared with 45.2 cents for October and 44.5 cents for November 1927. The present prices to producers are higher relative to the New York price than in 1927, or the average relation for the last five years.

Receipts at the 4 principal markets in November were 34,471,380 pounds compared with 39,541,988 pounds in October and 32,124,618 pounds in November 1927. This is an increase of about 7 per cent over November a year ago. Reduction in cold storage holdings was 34,757,000 pounds during the month. This was about the same reduction as took place a year ago. Holdings were 71,054,000 pounds on December 1, compared with 83,224,000 pounds on December 1, 1927.

Indications are that we have about reached the low point in domestic butter production for the year and that we may expect production at a level somewhat above that of last year for the next few months. The prices of feed crops and other concentrates continue favorable to production in the principal butter producing sections.

As is usual at this time of the year the direct influence of foreign butter is beginning to be felt. In Great Britain the holidays generally mark the end of the seasonal upward movement and there is usually some diversion of shipments to the United States, to avoid or relieve the slump that follows. At present the margin in favor of domestic prices is practically equal to the import duty of 12 cents a pound. For November the weekly Copenhagen quotations averaged 40.5 cents or 10 cents lower than New York quotations. This is the widest November margin in recent years, except November 1926 when Copenhagen prices were abnormally depressed by industrial disturbances in Great Britain to 15 cents under the New York price. During the winter of 1926-27 about 4 million pounds of New Zealand butter were marketed in this country. This season is unusually favorable in both Australia and New Zealand for butter production. The first shipment of New Zealand butter arrived in New York on December 8, with part of the cargo under optional bills of lading. Total shipments of butter afloat from countries of the Southern Hemisphere, principally to Great Britain, on November 24 were 28,168,000 pounds against 27,888,000 pounds on November 19, 1927.

Indications from both the foreign and domestic situation are that we have probably reached the peak of prices for the current year. The domestic production situation indicates a higher level of production than last year, and should this not develop sufficiently to lower the level of prices the foreign situation indicates the probability of a considerable import movement. The seasonal decline may be expected to begin during the latter part of December and January with an erratic market.